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1917/18

**THE CANADIAN BANK
OF COMMERCE**

ANNUAL REPORT

TO WHICH IS APPENDED

**A REVIEW OF BUSINESS CONDITIONS
DURING THE YEAR 1918**

30th NOVEMBER, 1918

THE CANADIAN BANK
OF COMMERCE

ANNUAL REPORT

30TH NOVEMBER, 1918



THE CANADIAN BANK OF COMMERCE

CAPITAL PAID-UP - - - - - \$15,000,000

REST - - - - - 15,000,000

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THE ZEPHYRUS 1913-1914

Editor
1913-1914

Published by the
Students of the
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Students of the
University of Oregon
1913-1914

THE CANADIAN BANK OF COMMERCE

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A. G. C. DuBoulay, A. P. Taylor.

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FOREIGN DEPARTMENT

SUPERVISOR - - - - - S. H. Logan

ASSISTANT SUPERVISOR - - - - - H. P. van Gelder

BRANCHES

BRITISH COLUMBIA AND YUKON—

CHILLIWACK	K. V. MUNRO	Manager
COURTENAY	F. C. BROCK	"
CRANBROOK	C. W. HALLAMORE . .	"
CRESTON	C. G. BENNETT	"
CUMBERLAND	F. L. LESLIE	Act. Mgr.
DAWSON, YUKON	T. S. LEITCH	Manager
DUNCAN	A. J. MARLOW	"
FERNIE	G. A. BONNALLIE . . .	"
GOLDEN	N. M. FOULKES	"
GRAND FORKS	C. H. NILES	"
GREENWOOD	L. E. BRAWDERS	"
KAMLOOPS	G. S. HOLT	"
KELOWNA	J. A. FORSTER	"
KEREMEOS	E. F. CORBET	"
LADYSMITH	A. G. VERCHÈRE	"
MISSION CITY	W. H. MATHEWSON . . .	"
NAKUSP	W. M. BLACKSTOCK . . .	Act. Mgr.
NANAIMO	E. H. BIRD	Manager
NELSON	P. B. FOWLER	"
NEW WESTMINSTER	H. R. DAVIDSON	"
NORTH VANCOUVER	H. G. PANGMAN	"
PARKSVILLE	H. T. NEWMARCH	"
PENTICTON	THOMAS ANDREWS	"
PHOENIX	L. E. BRAWDERS	"
POUCE COUPE	A. J. DUTHIE	Act. Mgr.
PRINCE RUPERT	L. M. DE GEX	Manager
PRINCETON	H. C. B. LUCAS	"
REVELSTOKE	W. J. COULTHARD	"
SALMON ARM	S. K. CAMPBELL	"
SOUTH HILL	P. S. WOOD	"
VANCOUVER	G. V. HOLT	"
Do. COMMERCIAL DRIVE	A. C. STEVEN	Asst. Mgr.
Do. EAST	W. H. JAMES	Manager
Do. FAIRVIEW	C. W. DURRANT	"
Do. HASTINGS AND CAMBIE	M. NICHOLSON	"
Do. KITSILANO	F. L. CRAWFORD	"
Do. MOUNT PLEASANT	P. GOMERY	"
Do. POWELL ST.	HUBERT HAINES	"
Do. VERNON	H. B. GORDON	"
Do. VICTORIA	J. I. E. CORBET	"
Do. NORTH	W. H. HARGRAVE	"
Do. OAK BAY AVE.	H. R. BEAVEN	"
Do. WHITE HORSE, YUKON	E. G. SANFORD	"
	J. C. NEWMARCH	"

SUB-AGENCY

	Sub-Agency to	Open for business
COBBLE HILL	Duncan	Mon. and Thur., 11 to 3

WESTERN PROVINCES—

ADMIRAL, SASK.	E. W. SPURR	Manager
ARBORG, MAN.	W. STUCKEY	Act. Mgr.
BASSANO, ALTA.	R. P. FINDLAY	Manager
BASSWOOD, MAN.	D. H. GORDON	"

BRANCHES—Continued

BAWLf, ALTA.	E. L. KENNY.	Manager
BENGOUGH, SASK.	J. J. MACMAHON	Act. Mgr.
BIGGAR, SASK.	S. H. CURRAN	Manager
BIRCH HILLS, SASK.	F. J. HALLIDAY	Act. Mgr.
BLAINE LAKE, SASK.	F. J. STEWART	"
BRANDON, MAN.	W. V. GORDON	Manager
BRIERCREST, SASK.	J. A. SMITH	"
BRODERICK, SASK.	A. H. MILLER	Act. Mgr.
CADOGAN, ALTA.	W. W. ORR	Manager
CALGARY, ALTA.	C. G. K. NOURSE	"
Do. EAST	E. L. BECK	Asst. Mgr.
Do. FIRST ST. WEST	J. A. CLARK	Manager
CANORA, SASK.	H. I. MILLAR	"
CARMAN, MAN.	L. CUTHBERT	"
CARMANGAY, ALTA.	V. M. DUNLEVIE	"
CENTRAL BUTTE, SASK.	W. G. HAMILTON	"
CHAMPION, ALTA.	H. K. BAIRD	"
CLARESHOLM, ALTA.	C. J. KYDD	"
COLEMAN, ALTA.	J. WALKER	"
CROSSFIELD, ALTA.	W. D. LAWSON	"
CUDWORTH, SASK.	S. H. BRAY	"
DAUPHIN, MAN.	KN. JORGENSEN	"
DELIA, ALTA.	R. M. MCCAUL	"
DELISLE, SASK.	A. M. STARRATT	"
DRINKWATER, SASK.	F. A. STUART	"
DRUMHELLER, ALTA.	S. M. JOHNSTON	"
ECKVILLE, ALTA.	J. G. MILLS	Act. Mgr.
EDAM, SASK.	J. W. MCINTOSH	"
EDMONTON, ALTA.	A. R. GRAHAM	Manager
Do. STRATHCONA	T. M. TURNBULL	"
ELBOW, SASK.	R. B. BUCHANAN	"
ELFROS, SASK.	M. MACPHERSON	"
ELGIN, MAN.	J. H. EAKIN	"
ELKHORN, MAN.	H. H. LOWE	"
EMPRESS, ALTA.	R. H. BROTHERHOOD	"
GILBERT PLAINS, MAN.	W. J. SAVAGE	"
GLEICHEN, ALTA.	C. B. NARRAWAY	"
GRANDVIEW, MAN.	JAMES CAMERON	"
GRANUM, ALTA.	A. W. CHAMBERS	"
HAFFORD, SASK.	F. W. WEST	"
HANNA, ALTA.	JAMES BLACK	"
HARDISTY, ALTA.	A. F. GARLAND	"
HAWARDEN, SASK.	F. E. HAWLEY	"
HEADINGLY, MAN.	WM. BULLOCK	"
HERBERT, SASK.	T. A. DUTHIE	Act. Mgr.
HIGH RIVER, ALTA.	C. L. MILES	Manager
HUMBOLDT, SASK.	W. D. ELLIOT	"
HYAS, SASK.	A. F. MCCONKEY	"
INNISFAIL, ALTA.	L. CUTHBERT	Act. Mgr.
INNISFREE, ALTA.	F. J. MACOUN	Manager
IRRICANA, ALTA.	F. S. BEATTIE	"
ITUNA, SASK.	G. C. WILTON	Act. Mgr.
KAMSACK, SASK.	A. W. WHITE	"
	A. HAMILTON	Manager

BRANCHES—Continued

KERROBERT, SASK.	GAVIN SHEARER . . .	Manager
KINCAID, SASK.	A. F. MCCALLUM . . .	"
KINDERSLEY, SASK.	F. H. ADAMSON . . .	"
KITSCOTY, ALTA.	E. MASON	Act. Mgr.
LAKE SASKATOON, ALTA.	A. W. PENTLAND . . .	Manager
LANGHAM, SASK.	J. D. BURPEE	"
LAPORTE, SASK.	L. T. RAND	Act. Mgr.
LASHBURN, SASK.	C. S. FREEMAN	Manager
LETHBRIDGE, ALTA.	R. T. BRYMNER	"
LLOYDMINSTER, SASK.	H. S. BRUCE	"
LOUGHEED, ALTA.	H. R. MAIN	"
MACLEOD, ALTA.	K. W. REIKIE	"
MANYBERRIES, ALTA.	J. F. BERRY	"
MARCELIN, SASK.	K. G. NOURSE	"
MARSHALL, SASK.	C. S. FREEMAN	"
MEDICINE HAT, ALTA.	W. G. LYNCH	"
MELFORT, SASK.	J. T. BEATTIE	"
MELVILLE, SASK.	A. W. WHITE	"
MILESTONE, SASK.	L. G. CROZIER	"
MILK RIVER, ALTA.	J. V. STEEL	"
MONITOR, ALTA.	R. P. THOMPSON	Act. Mgr.
MOOSEJAW, SASK.	A. MAYBEE	Manager
MOOSOMIN, SASK.	B. L. BROWN	"
MORSE, SASK.	C. L. WHITBY	"
NANTON, ALTA.	A. L. JENSEN	"
NEEPAWA, MAN.	H. L. WETHEY	"
NOKOMIS, SASK.	M. St. C. McLEAN . . .	"
NORQUAY, SASK.	W. T. HAMILTON	Act. Mgr.
NORTH BATTLEFORD, SASK.	W. HILBORN	Manager
NUTANA, SASK.	L. E. GRIFFITH	"
OLDS, ALTA.	R. N. AYLWARD	"
PARKLAND, ALTA.	C. W. COCHLAN	"
PATHLOW, SASK.	A. BUSHBY	Act. Mgr.
PEACE RIVER, ALTA.	ALLAN MCKENZIE	Manager
PINCHER CREEK, ALTA.	F. L. RHODES	"
PONOKA, ALTA.	G. E. CLARKE	"
PORTAGE LA PRAIRIE, MAN.	D. H. DOWNIE	"
PRINCE ALBERT, SASK.	E. A. FOX	"
PROVOST, ALTA.	W. W. ORR	"
RADISSON, SASK.	C. PADLEY	"
RADVILLE, SASK.	W. M. MCKIE	"
RED DEER, ALTA.	F. C. WHITEHOUSE . . .	"
REGINA, SASK.	A. W. RIDOUT	"
RETLAW, ALTA.	J. F. FRASER	"
RIVERHURST, SASK.	JAS. CROMARTY	Act. Mgr.
RIVERS, MAN.	R. M. TUCKER	"
ROCKYFORD, ALTA.	R. ROBERTS	Manager
ROSEBUD CREEK, ALTA.	R. ROBERTS	"
St. BRIEUX, SASK.	D. B. SMITH	Act. Mgr.
St. NORBERT, MAN.	H. O. SHURTLEFF	Manager
SASKATOON, SASK.	W. P. KIRKPATRICK . . .	"
SHAUNAVON, SASK.	WM. KIDD	"
SHELLBROOK, SASK.	G. W. SUTHERLAND . . .	"
SIFTON, MAN.	J. H. WHEELER	Act. Mgr.

BRANCHES—Continued

STAR CITY, SASK.		
STAVELY, ALTA.	C. W. COCHLAN	Manager
STONY PLAIN, ALTA.	C. G. LEWIS	"
SWAN RIVER, MAN.	G. H. WINSTANLEY	"
SWIFT CURRENT, SASK.	W. J. SAVAGE	"
TABER, ALTA.	A. J. MAYNARD	"
TEULON, MAN.	F. C. MACDONALD	Act. Mgr.
THE PAS, MAN.	G. H. WATSON	Manager
TRAMPING LAKE, SASK.	GAVIN SHEARER	"
TRANSCONA, MAN.	R. C. HAYWARD	"
TREHERNE, MAN.	R. P. MORRISON	"
TUGASKE, SASK.	J. D. ANDRAS	"
TURTLEFORD, SASK.	G. M. SHARPE	Act. Mgr.
VAWN, SASK.	A. R. GRAHAM	Manager
VEGREVILLE, ALTA.	J. C. RIDDELL	"
VERMILION, ALTA.	A. J. REYNOLDS	"
VIRDEN, MAN.	D. M. KYDD	"
VONDA, SASK.	H. A. JOHNSTON	Act. Mgr.
VULCAN, ALTA.	M. L. GORDON	Manager
WADENA, SASK.	J. B. SMITH	"
WARNER, ALTA.	J. H. S. GORDON	"
WATROUS, SASK.	A. H. MARCON	"
WATSON, SASK.	G. L. NASH	"
WETASKIWIN, ALTA.	R. N. SHAW	"
WEYBURN, SASK.	H. J. NEALE	"
WILCOX, SASK.	R. W. WINFIELD	"
WILLOW BROOK, SASK.	J. R. RICHES	Act. Mgr.
WILLOW BUNCH, SASK.	F. G. MATKIN	"
WINNIPEG, MAN.	C. W. ROWLEY	Manager
	C. GORDON	Asst. Mgr.
Do. ALEXANDER AVE.	D. H. GORDON	Manager
Do. BLAKE STREET	L. W. NEWSOM	Act. Mgr.
Do. ELMWOOD	D. H. TOLMIE	Manager
Do. FORT ROUGE	H. O. SHURTLEFF	"
Do. KELVIN STREET	D. H. TOLMIE	"
Do. NORTH	C. F. A. GREGORY	"
Do. PORTAGE AVE.	G. M. PATTERSON	"
WISETON, SASK.	W. R. DAVIES	"
WROXTON, SASK.	L. C. COFFIN	Act. Mgr.
YELLOWGRASS, SASK.	E. G. OGILVIE	Manager
YORKTON, SASK.	C. A. MERCER	"
YOUNGSTOWN ALTA.	W. BARRY	"

SUB-AGENCIES

	Sub-Agency to	Open for business
ELSTOW, SASK.	Saskatoon.	Wed. and Sat.
LESLIE, SASK.	Elfrs.	Tues. and Fri.
OCHRE RIVER, MAN.	Dauphin.	Tues. and Sat.
RICHARD, SASK.	N. Battleford	Wed. and Thur.
SPEERS, SASK.	Hafford	Wed. and Thur.

ONTARIO—

AMHERSTBURG	A. J. BURNSIDE	Manager
AYR	C. MURRAY STEWART	"

BRANCHES—Continued

BARRIE	L. F. CROSS	Manager
BEAMSVILLE,	G. L. WAUGH	"
BELLEVILLE	C. M. STORK.	"
BLENHEIM	O. F. ANDERSON	"
BRANTFORD	H. W. FITTON	"
BROCKVILLE	W. C. JAMES.	"
CAYUGA	J. C. MUNRO.	"
CHATHAM	J. SIMON	"
COBALT	H. G. MATHEWSON	"
COLLINGWOOD	J. McE. MURRAY	"
CORNWALL	A. E. CURRIE	"
CREDITON	J. A. McDONALD	"
DASHWOOD	F. S. KENT	"
DRESDEN	C. F. WORRELL	"
DUNDAS	R. C. MACPHERSON	"
DUNNVILLE	G. E. PARKES	"
EMO.	A. F. TURNER	"
EXETER	A. E. KUHN	"
FORD	W. J. McHUGH	"
FOREST	W. J. F. ROSS	"
FORT FRANCES	A. F. TURNER	"
FORT WILLIAM	GEO. E. EWING	"
GALT	C. E. A. DOWLER	"
GODERICH	G. WILLIAMS.	"
GRIMSBY	G. L. WAUGH	"
GUELPH	J. M. DUFF	"
HAMILTON	D. B. DEWAR	"
INGERSOLL	W. C. JOHNSTON	"
KINGSTON	P. C. STEVENSON	"
KITCHENER.	W. H. COLLINS	"
LINDSAY	E. M. LOCKIE	"
LONDON	} A. D. McLEAN	"
Do. HAMILTON ROAD.		
MADOC	A. Y. SNIDER	"
NIAGARA FALLS	C. BALLARD	"
ORANGEVILLE	T. S. LITTLE	"
OSHAWA	H. E. TYLOR	"
OTTAWA	M. D. HAMILTON	"
Do. BANK STREET	H. A. HOLMES	"
Do. BY WARD MARKET	H. A. L'ABBÉ	"
PARIS	S. N. MOFFAT	"
PARKHILL	D. I. FORBES	"
PARRY SOUND	H. C. STRANGE	"
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PORT ARTHUR	A. W. ROBERTS	"
PORT COLBORNE	W. H. PAGET	"
PORT PERRY	H. J. WHITE	"
RAINY RIVER	F. A. CHAPMAN	"
ST. CATHARINES	} R. G. W. CONOLLY.	"
Do. PAGE AND QUEENSTON		
ST. THOMAS	W. G. WHITESIDE	"
SARNIA	J. L. BUCHAN	"
SAULT STE. MARIE	H. C. MORRIS	"
Do. WEST END	C. L. JEWELL	"

BRANCHES—Continued

SCHUMACHER	J. P. TAILLON	Manager
SEAFORTH	J. G. MULLEN	"
SIMCOE	W. C. J. KING	"
SMITH'S FALLS	J. H. ROBERTSON	"
STRATFORD	R. T. MUSSEN	"
STRATHROY	J. WALTON	"
SUDBURY	H. DUNCAN	"
THEDFORD	J. FULLER	"
THOROLD	S. H. FALKNER	"
TILLSONBURG	J. H. MORRISON	"
TIMMINS	J. P. TAILLON	"
TORONTO	D. A. CAMERON	"
	E. P. GOWER	Asst. Mgr.
	G. G. LAIRD	"
Do. BALMY BEACH	J. S. GREENSHIELDS	Manager
Do. BLOOR AND DUFFERIN	J. L. HUBBELL	"
Do. BLOOR AND LIPPINCOTT	W. C. T. MORSON	"
Do. BLOOR AND YONGE	JAMES BRYDON	"
Do. COLLEGE AND DOVERCOURT	E. C. PRINGLE	"
Do. DANFORTH AND BROADVIEW	E. R. JARVIS	"
Do. EARLSCOURT	C. E. JOHNSON	"
Do. GERRARD AND PAPE	N. ST. B. YOUNG	"
Do. MARKET	T. A. CHISHOLM	"
Do. PARKDALE	W. A. COOKE	"
Do. PARLIAMENT STREET	A. H. CREASE	"
Do. QUEEN AND BATHURST	H. POLSON	"
Do. QUEEN EAST	D. DAVIES	"
Do. SPADINA AND COLLEGE	H. F. D. SEWELL	"
Do. WEST TORONTO	J. B. McCUAIG	"
Do. WYCHWOOD	G. B. MUNRO	"
Do. YONGE AND COLLEGE	G. C. T. PEMBERTON	"
Do. YONGE AND QUEEN	R. W. H. KING	"
WALKERTON	H. M. LAY	"
WALKERVILLE	H. B. PARSONS	"
WALTON	J. G. MULLEN	"
WATERLOO	R. H. EDMONDS	"
WESTON	C. B. MILLAR	"
WIARTON	A. E. JACKSON	"
WINDSOR	A. E. TAYLER	"
WINGHAM	REG. S. WILLIAMS	"
WOODSTOCK	G. A. HOLLAND	"

SUB-AGENCIES

	Sub-Agency to	Open for business
BELGRAVE	Wingham	Tues., Thur. and Sat.
BLUEVALE	Wingham	Mon., Wed. and Fri.
CAMLACHIE	Forest	Tues. and Thur., 10 to 2

QUEBEC—

ACTON VALE	A. L. DESSERT	Manager
ASBESTOS	J. LEMAY	Act. Mgr.
AYER'S CLIFF	F. A. JOHNSTON	Manager

BRANCHES—Continued

BEDFORD	A. S. McCAW . . .	Manager
BEEBE	H. G. KIRWIN . . .	"
BELOEIL	A. M. BRODEUR . . .	"
BISHOP'S CROSSING	H. H. MOE	"
CLARENCEVILLE	F. L. NUNNS	"
COATICOOK	} L. M. THOMAS . . .	"
COMPTON		
COOKSHIRE	W. E. LEARNED . . .	"
COWANSVILLE	F. E. KERRIDGE . . .	"
DANVILLE	L. P. BISHOP	"
DRUMMONDVILLE	E. R. TANNER	"
DUNHAM	D. CARLETON	"
EAST ANGUS	D. H. PARMELEE . . .	"
FARNHAM	ARTHUR GUAY	"
FRELIGHSBURG	M. R. WHITCOMB . . .	"
GRANBY	A. C. SMITH	"
HEMMINGFORD	P. H. M. SOMERVILLE .	"
HOWICK	A. B. ASTLE	"
HUNTINGDON	C. W. THOMAS	"
JOLIETTE	H. E. TEMPLE	"
KNOWLTON	F. A. MORGAN	"
LACOLLE	E. A. CHADSEY	"
LENNOXVILLE	L. G. T. LYNCH	"
MAGOG	H. A. C. SCARTH	"
MANSONVILLE	K. R. TURNER	"
MARBLETON	W. E. HETHERINGTON .	"
MARIEVILLE	J. C. R. MARCHAND . .	"
MEGANTIC	G. M. THOMPSON . . .	"
MONTREAL	} H. B. WALKER . . .	Asst. Mgr.
	F. M. GIBSON	Manager
Do. CRESCENT & ST. CATHERINE	M. A. MACFARLANE . . .	Manager
Do. MAISONNEUVE	E. H. CARTER	"
Do. PRINCE ARTHUR AND PARK	A. C. TURNER	"
Do. ST. CATHERINE & CITY HALL	W. E. MOREHOUSE . . .	"
Do. ST. CATHERINE AND MET-		
CALFE	D. McLENNAN	"
NORTH HATLEY	A. R. VIRGIN	"
ORMSTOWN	N. H. SLACK	"
POINTE AUX TREMBLES	S. A. FORBES	"
QUEBEC	J. MACCLOUGHLIN . . .	"
Do. UPPER TOWN	G. L. DOAK	"
RICHMOND	A. S. RAIMBACH	"
RIMOUSKI	W. CLOUTIER	"
ROCK ISLAND	J. M. O'HALLORAN . . .	"
ROXTON FALLS	J. M. RENÉ DE COTRÉT .	"
ST. CHRYSOSTOME	C. W. HAWLEY	"
ST. FELIX DE VALOIS	J. A. PARENT	"
ST. FERDINAND D'HALIFAX	A. E. WARD	"
ST. GABRIEL DE BRANDON	J. R. BOIVIN	"
ST. GEORGE, BEAUCE	J. A. ROY	"
ST. HYACINTHE	J. LAFRAMBOISE . . .	"
ST. JOHNS	G. C. BORIGHT	"
ST. JOSEPH DE BEAUCE	E. DUMOULIN	"
SCOTSTOWN	C. E. SOLES	"

BRANCHES—Continued

SHERBROOKE	{ E. W. FARWELL	Manager
Do. UPPERTOWN	W. P. RAPLEY	Asst. Mgr.
Do. WELLINGTON STREET	N. F. DINNING	Manager
STANBRIDGE EAST	F. A. BRIGGS	"
SUTTON	G. D. HARVEY	"
THETFORD MINES	T. W. JUDD	"
THREE RIVERS	J. H. DOAK	"
VALCOURT	E. W. MORGAN	"
WATERLOO	L. P. BOURGOING	"
WATERVILLE	J. E. THOMPSON	"
WEEDON	C. A. TUCKER	"
WEST SHEFFORD	C. L. LA BONTÉ	"
WINDSOR	H. E. GREEN	"
	J. I. McCABE	"

SUB-AGENCIES

	Sub-Agency to	Open for business
BROME	Knowlton	Tues. and Fri.
CHAMBLY	Marieville	Daily
DIXVILLE	Coaticook	Tues. and Fri.
EAST HATLEY	Ayer's Cliff	Tues., 10 to 12
EASTMAN	Magog	Tues. and Fri.
GLEN SUTTON	Mansonville	Wednesday
IBERVILLE	St. Johns	Daily
PHILIPSBURG	Bedford	Mon. and Thur., 2 to 4
ST. ARMAND STATION	Bedford	Mon. and Thur., 10 to 12
STANSTEAD	Rock Island	Daily
THETFORD MINES WEST	Thetford Mines	Daily

MARITIME PROVINCES—

ALBERTON, P.E.I.	W. C. LAWSON	Manager
AMHERST, N.S.	W. H. LUGSDIN	"
ANTIGONISH, N.S.	W. P. REYNOLDS	"
BARRINGTON, N.S.	A. E. STRINGER	"
BASS RIVER, N.S.	C. W. MONTGOMERY	"
BRIDGEWATER, N.S.	T. W. MAGEE	"
CAMPBELLTON, N.B.	J. L. CLAXTON	"
CHARLOTTETOWN, P.E.I.	G. W. HARRISON	"
DEVON, N.B.	W. T. GERALD	"
FREDERICTON, N.B.	W. T. GERALD	"
HALIFAX, N.S.	{ D. MACGILLIVRAY	"
	D. G. KENNEDY	Asst. Mgr.
LA HAVE, N.S.	E. B. TRUEMAN	Manager
LUNENBURG, N.S.	R. G. ADAMS	"
MIDDLETON, N.S.	C. N. ROOP	"
MONCTON, N.B.	W. T. WHITE	"
MONTAGUE, P.E.I.	L. H. COFFIN	"
NEW GLASGOW, N.S.	B. DE VEEER	"
PARRSBORO, N.S.	J. R. HARRISON	"
ST. JOHN, N.B.	J. M. CHRISTIE	"
SHELBURNE, N.S.	E. B. WALKER	"
SOURIS, P.E.I.	E. P. STAVERT	"

BRANCHES—Continued

SPRINGHILL, N.S.	W. K. PHILLIPS . . .	Manager
STANLEY, N.B.	W. T. GERALD . . .	"
SUMMERSIDE, P.E.I.	C. HENSLEY . . .	"
SYDNEY, N.S.	J. H. MCQUAID . . .	"
TRURO, N.S.	C. W. MONTGOMERY . .	"
WINDSOR, N.S.	J. A. RUSSELL . . .	"

SUB-AGENCIES

	Sub-Agency to	Open for business
KINGSTON, N.S.	Middleton . .	Mon., Wed. and Fri.
HANTSPORT, N.S.	Windsor . .	Mon., Wed. and Fri.
PORT GREVILLE, N.S.	Parrsboro . .	Tues. and Fri.

NEWFOUNDLAND—

ST. JOHN'S	H. M. STEWART. . .	Manager
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UNITED STATES—

NEW YORK, N.Y.	{ F. B. FRANCIS . . . J. A. C. KEMP . . . }	} Agents
PORTLAND, ORE.	F. C. MALPAS . . .	Manager
SAN FRANCISCO, CAL.	{ G. W. B. HEATHCOTE A. A. WILSON . . . }	{ Asst. Mgr. Manager
SEATTLE, WASH.	E. B. IRELAND . . .	Manager

GREAT BRITAIN—

LONDON, 2 Lombard Street, E.C. 3		
C. CAMBIE		Manager
A. R. PHIPPS		Asst. Mgr.

MEXICO—

MEXICO CITY, Avenida San Francisco No. 50		
D. MUIRHEAD		Manager

THE CANADIAN BANK OF COMMERCE

(For the convenience of Shareholders on the London Register, the Profit and Loss Account and the Balance Sheet are here given in Sterling, at the par of Exchange).

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 30TH NOVEMBER, 1918.

Balance at credit of Profit and Loss Account brought forward from last year.....	£	273,713	18	11
Amount recovered from over-appropriations.....		205,479	9	0
Net profits for the year ending 30th November, after providing for all bad and doubtful debts.....		585,681	16	3
		<u>£1,064,875</u>	<u>4</u>	<u>2</u>

This has been appropriated as follows:

Dividends Nos. 124, 125, 126 and 127, at ten per cent. per annum.....	£	308,219	3	7
Bonus of one per cent. payable 1st June.....		30,821	18	4
Bonus of one per cent. payable 1st December....		30,821	18	4
War tax on bank-note circulation to 30th November.....		30,821	18	4
Transferred to Pension Fund.....		17,465	15	1
Reserved for the cost of a proposed memorial to officers of the Bank who served in the great war, and of a history of the Bank.....		20,547	18	11
Transferred to Rest Account.....		308,219	3	7
Subscriptions:				
Canadian Patriotic Fund.....	£	10,273	19	5
Halifax Relief Fund.....		5,136	19	9
The Navy League of Canada...		2,054	15	11
Y.M.C.A. Red Triangle Fund..		2,054	15	11
Sundry subscriptions.....		1,551	7	5
		<u>21,071</u>	<u>18</u>	<u>5</u>
Balance carried forward.....		296,885	9	7
		<u>£ 1,064,875</u>	<u>4</u>	<u>2</u>

GENERAL STATEMENT

30TH NOVEMBER, 1918

LIABILITIES

Notes of the Bank in circulation.....	£ 6,489,800	5	7
Deposits not bearing interest. £ 31,029,569	5	11	
Deposits bearing interest, including interest accrued to date.....	41,537,310	14	3
	72,566,880	0	2
Balances due to other Banks in Canada.....	21,391	14	4
Balances due to Banks and Banking Correspondents elsewhere than in Canada.....	2,121,080	13	4
Bills Payable.....	24,317	17	6
Acceptances under Letters of Credit.....	2,681,286	7	7
	£83,904,756	18	6
Dividends Unpaid.....	899	7	1
Dividend No. 127 and bonus, payable 1st December.....	107,876	14	3
Capital Paid up..... £ 3,082,191	15	8	
Rest Account.....	3,082,191	15	8
Balance of Profits as per Profit and Loss Account.....	296,885	9	7
	6,461,269	0	11
	£90,474,802	0	9

ASSETS

Gold and Silver Coin Current on hand.....	£ 3,223,160	3	9
Gold deposited in Central Gold Reserves.....	1,335,616	8	9
Dominion Notes on hand....	5,914,750	2	5
Dominion Notes deposited in Central Gold Reserves....	2,260,273	19	5
	£12,733,800	14	4
Notes of other Banks..... £ 471,261	7	5	
Cheques on other Banks.....	3,226,306	11	5
Balances due by other Banks in Canada.....	20	13	6
Balances due by Banks and Banking Correspondents elsewhere than in Canada.	1,698,737	4	6
	5,396,325	16	10
Dominion and Provincial Government Securities, not exceeding market value.....	7,431,217	12	10
British, Foreign and Colonial Public Securities and Canadian Municipal Securities.....	6,140,597	14	0
Railway and other Bonds, Debentures and Stocks, not exceeding market value.....	1,236,583	10	0
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks....	2,844,478	17	9
Call and Short Loans (not exceeding 30 days), elsewhere than in Canada.....	5,757,312	2	11
Deposit with the Minister of Finance for the purposes of the Circulation Fund.....	175,912	14	3
Carried forward.....	£41,716,229	2	11

GENERAL STATEMENT

30TH NOVEMBER, 1918

ASSETS—Continued

Brought forward.....	£	41,716,229	2	11
Other Current Loans and Discounts in Canada (less rebate of interest).....		41,028,553	13	10
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest).....		3,620,063	6	3
Liabilities of Customers under Letters of Credit, as per contra.....		2,681,286	7	7
Overdue Debts (estimated loss provided for)....		21,230	6	0
Real Estate other than Bank Premises (including the unsold balance of former premises of the Eastern Townships Bank).....	£	236,372	16	11
Less balance of mortgage assumed		6,638	8	8
			229,734	8 3
Mortgages on Real Estate sold by the Bank.....		48,838	13	11
Bank Premises at cost, less amounts written off...		1,098,184	18	10
Other Assets not included in the foregoing.....		30,681	3	2
		£	90,474,802	0 9

B. E. WALKER,
President.

JOHN AIRD,
General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE

In accordance with the provisions of subsections 19 and 20 of section 56 of the Bank Act, 1913, we report as follows:

We have audited the above Balance Sheet and compared it with the books and vouchers at Head Office and with the certified returns from the branches. We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November, 1918, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A.
of Webb, Read, Hegan & Co.
JAMES MARWICK, C.A.
of Marwick, Mitchell, Peat & Co.

AUDITORS

GENERAL STATEMENT

30TH NOVEMBER, 1918

LIABILITIES

Notes of the Bank in circulation.....		\$ 31,583,694 68
Deposits not bearing interest.....	\$151,010,570 57	
Deposits bearing interest, including interest accrued to date....	202,148,245 47	353,158,816 04
Balances due to other Banks in Canada.....		104,106 35
Balances due to Banks and Banking Correspondents elsewhere than in Canada.....		10,322,592 58
Bills Payable.....		118,347 00
Acceptances under Letters of Credit.....		13,048,927 03
		<u>\$408,336,483 68</u>
Dividends Unpaid.....		4,376 86
Dividend No. 127 and bonus, payable 1st December.		525,000 00
Capital Paid up.....	\$ 15,000,000 00	
Rest Account.....	15,000,000 00	
Balance of Profits as per Profit and Loss Account.....	1,444,842 68	31,444,842 68
		<u><u>\$440,310,703 22</u></u>

ASSETS

Gold and Silver Coin Current on hand.....	\$ 15,686,046 24	
Gold deposited in Central Gold Reserves.....	6,500,000 00	
Dominion Notes on hand.....	28,785,117 25	
Dominion Notes deposited in Central Gold Reserves.....	11,000,000 00	\$ 61,971,163 49
Notes of other Banks.....	\$ 2,293,472 00	
Cheques on other Banks.....	15,701,358 67	
Balances due by other Banks in Canada.....	100 62	
Balances due by Banks and Banking Correspondents elsewhere than in Canada.....	8,267,187 82	26,262,119 11
Dominion and Provincial Government Securities, not exceeding market value.....		36,165,259 20
British, Foreign and Colonial Public Securities and Canadian Municipal Securities.....		29,884,242 13
Railway and other Bonds, Debentures and Stocks, not exceeding market value.....		6,018,039 70
Call and Short Loans (not exceeding 30 days) in Canada on Bonds, Debentures and Stocks....		13,843,130 58
Call and Short Loans (not exceeding 30 days) elsewhere than in Canada.....		28,018,919 10
Deposit with the Minister of Finance for the purposes of the Circulation Fund.....		856,108 55
Carried forward.....		<u>\$203,018,981 86</u>

GENERAL STATEMENT

30TH NOVEMBER, 1918

ASSETS—Continued

Brought forward.....	\$ 203,018,981	86
Other Current Loans and Discounts in Canada (less rebate of interest).....	199,672,294	63
Other Current Loans and Discounts elsewhere than in Canada (less rebate of interest).....	17,617,641	44
Liabilities of Customers under Letters of Credit, as per contra.....	13,048,927	03
Overdue Debts (estimated loss provided for).....	103,320	80
Real Estate other than Bank Premises (including the unsold balance of former premises of the Eastern Townships Bank)..	\$ 1,150,347	84
Less balance of mortgage assumed.....	32,307	04
	1,118,040	80
Mortgages on Real Estate sold by the Bank.....	237,681	64
Bank Premises at cost, less amounts written off..	5,344,500	04
Other Assets not included in the foregoing.....	149,314	98
	<u>\$ 440,310,703</u>	<u>22</u>

B. E. WALKER,
President.

JOHN AIRD,
General Manager.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF THE CANADIAN BANK OF COMMERCE

In accordance with the provisions of subsections 19 and 20 of section 56 of the Bank Act, 1913, we report as follows:

We have audited the above Balance Sheet and compared it with the books and vouchers at Head Office and with the certified returns from the branches. We have obtained all the information and explanations that we have required, and are of the opinion that the transactions of the Bank which have come under our notice have been within the powers of the Bank.

We have checked the cash and verified the securities representing the investments of the Bank at its chief office and principal branches at a date other than and in addition to the verification at 30th November, 1918, and found that they were in agreement with the entries in the books of the Bank relating thereto.

In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Bank according to the best of our information and the explanations given to us, and as shown by the books of the Bank.

T. HARRY WEBB, C.A.
of Webb, Read, Hegan & Co.
JAMES MARWICK, C.A.
of Marwick, Mitchell, Peat & Co.

} AUDITORS

BANKERS AND CHIEF CORRESPONDENTS

GREAT BRITAIN—

Bank of England; Bank of Scotland; Barclays Bank, Ltd.; Lloyds Bank Limited; National Provincial and Union Bank of England, Ltd.; Manchester & Liverpool District Banking Company, Ltd.; Manchester & County Bank, Ltd.; Union Bank of Manchester, Ltd.; West Yorkshire Bank, Ltd.; North of Scotland & Town and County Bank, Ltd.; Union Bank of Scotland, Ltd.

IRELAND—

Belfast Banking Company, Ltd.; Hibernian Bank, Ltd.; Northern Banking Company, Ltd.; Provincial Bank of Ireland, Ltd.

DENMARK—

Den Danske Landmandsbank, Copenhagen.

FRANCE—

Cox & Company (France), Ltd.; Crédit Lyonnais, Paris; Lazard Frères & Cie., Paris; Société Générale, Paris; Lloyds Bank (France), and National Provincial Bank (France), Ltd., Paris.

HOLLAND—

Disconto-Maatschappij, Rotterdam; Twentsche Bank, Ltd.

ITALY—

Banca Commerciale Italiana, Naples; Credito Italiano, Milan.

NORWAY—

Centralbanken for Norge, Christiania; Bergens Privatbank, Bergen.

SWEDEN—

Skandinaviska Kreditaktiebolaget, Stockholm.

SWITZERLAND—

Banque Fédérale, Zurich; Crédit Suisse, Zurich; Swiss Bank Corporation, Zurich.

WEST INDIES—

Colonial Bank and branches; National Bank of Cuba, Havana, and branches.

BERMUDA—

Bank of Bermuda, Ltd., Hamilton.

SOUTH AMERICA—

Anglo-South American Bank, Ltd.; British Bank of South America, Ltd.; London & Brazilian Bank, Ltd.; London & River Plate Bank, Ltd.

INDIA, CHINA, JAPAN AND THE PHILIPPINE ISLANDS—

Chartered Bank of India, Australia and China; Hongkong & Shanghai Banking Corporation; National Bank of India, Ltd.; Yokohama Specie Bank, Ltd.

SOUTH AFRICA—

African Banking Corporation, Ltd.; National Bank of South Africa, Ltd.; Standard Bank of South Africa, Ltd.

AUSTRALIA AND NEW ZEALAND—

Australian Bank of Commerce, Ltd.; Bank of Australasia; Bank of New Zealand; Commercial Banking Company of Sydney, Ltd.; Commonwealth Bank of Australia; English, Scottish & Australian Bank, Ltd.; London Bank of Australia, Ltd.; National Bank of Australasia, Ltd.; National Bank of New Zealand, Ltd.; Royal Bank of Australia, Ltd.; Union Bank of Australia, Ltd.

HONOLULU—

Bishop & Company; First National Bank of Hawaii.

FIJI—

Bank of New Zealand.

UNITED STATES—

NEW YORK—American Exchange National Bank; Chase National Bank; Irving National Bank; Corn Exchange Bank; National City Bank; Mechanics & Metals National Bank; Chatham and Phenix National Bank; Liberty National Bank.

CHICAGO—First National Bank; Northern Trust Company; National Bank of the Republic; National City Bank.

ALBANY—New York State National Bank.

BALTIMORE—Citizens National Bank.

BOSTON—Second National Bank; National Shawmut Bank; First National Bank; International Trust Company.

BUFFALO—Manufacturers & Traders National Bank; Citizens Commercial Trust Company.

CLEVELAND—First National Bank.

DETROIT—First & Old Detroit National Bank.

INDIANAPOLIS—Fletcher American National Bank.

MILWAUKEE—Wisconsin National Bank.

MINNEAPOLIS—First & Security National Bank; Midland National Bank; Northwestern National Bank.

NEW ORLEANS—Commercial National Bank.

PHILADELPHIA—Girard National Bank.

PITTSBURG—Mellon National Bank.

THE CANADIAN BANK OF COMMERCE

REPORT OF THE PROCEEDINGS

OF

THE ANNUAL MEETING OF SHAREHOLDERS

TUESDAY, 14TH JANUARY, 1919

The fifty-second Annual Meeting of the Shareholders of The Canadian Bank of Commerce was held in the banking house at Toronto, on Tuesday, 14th January, 1919, at 12 o'clock.

Among those present were:

Graham Campbell, H. G. Cowling, Ellsworth Flavelle, J. E. Bailey, Major Cameron, T. H. Webb, E. G. Ernst, Thomas Gilmour, D. Hughes Charles, J. S. McMaster, H. H. Trigge, C. L. Wisner, W. A. M. Jones, W. N. West, William Crocker, R. C. Jennings, Rev. T. W. Patterson, Rev. J. B. Saer, E. M. Saunders, R. B. Morley, H. C. Cox, Hon. W. J. Hanna, J. T. Parker, R. J. McLennan, R. Laidlaw, Colonel Michie, G. A. Morrow, Thomas Findley, W. Gray, W. McAdie, J. O. Thorn, E. B. Walker, J. C. Breckenridge, C. V. Corless, G. F. Beer, M. O. Hammond, C. R. Acres, Dr. R. M. Bateman, D. H. McDougall, A. B. Fisher, S. Samuel, W. H. Lockhart Gordon, J. Murray Clark, K.C., Arnold Ivey, George Gouinlock, F. W. Evan, R. Inglis, Z. A. Lash, K.C., Dr. John Hoskin, K.C., H. B. Clark, Sir Joseph Flavelle, Bart., Albert Nordheimer, A. E. King, R. G. O. Thomson, E. Cronyn, G. D. Perry, M. H. Irish, Alexander Buntin, J. A. D. McCurdy, Sir John Willison, M. Sparkhall, T. C. Irving, J. S. McLean, James Harris, Colonel D. M. Robertson, J. E. McFarlane, R. G. Long, Frank Darling, J. A. Fraser, J. M. Lowndes, J. G. Scott, G. K. Stratford, C. N. Candee, J. M. Smith, R. C. Brown, J. H. Carrique, G. H. Muirhead, E. G. Staunton, A. W. Smith, B. Sutherland, John Appleton, F. H. Gooch, W. Moffat, W. S. Hodgins, Edward Hay, A. J. Mitchell, Glyn Osler, J. Henderson, Avern Pardoe, Jr., Miller Lash, K.C., H. W. Mickle, C. A. Bogert; Dr. C. W. Colby, New York; C. Ballard, Niagara Falls; William Cook, Richmond Hill; W. I. Waugh, Hamilton; R. G. W. Conolly, St Catharines;

J. M. Duff, Guelph; C. M. Gripton, Niagara-on-the-Lake; H. C. Duncan, Sudbury; James Richardson, Kingston; F. K. Dowbeer, Toledo, O.; F. J. Slegt, West Toronto; M. D. Hamilton, Ottawa; R. P. Butchart, Victoria; A. E. Kuhn, Exeter; Roland Taylor, Philadelphia; E. M. Lockie, Lindsay; E. R. Peacock, London, Eng.; H. W. Fitton, Brantford; S. N. Moffat, Paris, Ont.; D. M. Kydd, Virden; A. W. Roberts, Port Arthur; Robert Stuart, Chicago; P. C. Stevenson, Kingston; C. M. Stork, Belleville; J. S. Mitchell, Sherbrooke; Hon. Geo. G. Foster, K.C., Montreal; J. C. Munro, Cayuga; F. H. Adamson, Kindersley; B. L. Brown, Moosomin; H. C. Morris, Sault Ste. Marie; J. D. Burpee, Langham; G. Shearer, Kerrobert; W. D. Elliott, High River; R. P. Findlay, Bassano; A. J. Reynolds, Vermilion; A. W. Chambers, Grandview; J. Walker, Claresholm; F. E. Kerridge, Cowansville; K. W. Reikie, Macleod; W. W. Hutchison, Montreal; F. J. Macoun, Innisfail; J. I. McCabe, Windsor, Que.; H. J. Neale, Weyburn; A. L. Jensen, Nanton; J. Laframboise, St. Hyacinthe; R. M. McCaul, Dauphin; D. McLennan, Montreal; E. L. Stewart Patterson, Sherbrooke; W. Spier, Sherbrooke; C. W. Rowley, Winnipeg; H. G. Hurlburt, Winnipeg; Wallace Campbell, Syracuse, N.Y.; H. R. Silver, Halifax; N. F. Dinning, Sherbrooke; Robert Gill, Ottawa; H. O. Shurtleff, Winnipeg; H. L. Wethey, Neepawa; G. H. Winstanley, Swan River; G. F. Galt, Winnipeg; L. M. Thomas, Coaticook; William Toole, Calgary; A. R. Virgin, North Hatley; W. J. Coulthard, Revelstoke; H. B. Walker, Montreal; L. M. de Gex, Prince Rupert; W. T. Gerald, Fredericton; P. B. Fowler, Nelson; J. R. Harrison, Parrsboro; A. J. Marlow, Duncan; W. H. Lugsdin, Amherst; William Hogg, Vancouver; D. Macgillivray, Halifax; C. W. Montgomery, Truro; J. A. C. Kemp, New York; C. N. Roop, Middleton; S. H. Falkner, Thorold; C. Hensley, Summerside; H. E. Tylor, Oshawa.

The President, Sir Edmund Walker, having taken the chair, Mr. A. St. L. Trigge was appointed to act as Secretary, and Messrs. Edward Cronyn and J. E. L. Pangman were appointed scrutineers.

The President called upon the Secretary to read the Annual Report of the Directors, as follows:

REPORT

The Directors have pleasure in submitting to the Shareholders the fifty-second Annual Report for the twelve months ending 30th November, 1918, together with the usual statement of Assets and Liabilities:

The balance at credit of Profit and Loss

Account brought forward from last year was.....	\$ 1,332,074 52
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There was recovered from over-appropriations.....	1,000,000 00
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The net profits for the year ending 30th November, after providing for all bad and doubtful debts, amounted to.....	2,850,318 16
	<u>\$ 5,182,392 68</u>

This has been appropriated as follows:

Dividends Nos. 124, 125, 126 and 127, at ten per cent. per annum.....	\$ 1,500,000 00
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Bonus of one per cent. payable 1st June...	150,000 00
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Bonus of one per cent. payable 1st December	150,000 00
---	------------

War tax on bank-note circulation to 30th November.....	150,000 00
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Transferred to Pension Fund.....	85,000 00
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Reserved for the cost of a proposed memorial to officers of the Bank who served in the great war, and of a history of the Bank.	100,000 00
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Transferred to Rest Account.....	1,500,000 00
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Subscriptions:

Canadian Patriotic Fund...	\$ 50,000 00
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Halifax Relief Fund.....	25,000 00
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The Navy League of Canada	10,000 00
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Y.M.C.A. Red Triangle Fund	10,000 00
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Sundry subscriptions.....	7,550 00
	102,550 00

Balance carried forward.....	1,444,842 68
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	<u>\$ 5,182,392 68</u>
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The assets of the Bank have, as usual, been carefully revalued, with the object of making ample provision for any items which may be considered bad or doubtful.

The following branches have been opened during the year: in *Alberta*—Parkland and Rosebud Creek; in *Saskatchewan*—Laporte; in *Manitoba*—Ochre River, Sifton and Teulon; in *Ontario*—Amherstburg and Weston. A sub-agency has been opened at Elstow, Sask. The sub-agency at Cadogan, Alta., is now operated as a branch, and the branch at Eastman, Que., has been made a sub-agency. The Mount Royal, Calgary, branch has been closed. On account of the war nothing was done during the greater part of the year in the way of opening new branches, but now that it is over, a comprehensive plan is under consideration for giving attention to the needs of those localities which require banking facilities, and for opening at such places as seems necessary to provide for the requirements of business already acquired.

Your Directors have to report subscriptions of \$50,000 to the Canadian Patriotic Fund, \$25,000 to the Halifax Relief Fund, \$10,000 each to the Navy League of Canada and the Y.M.C.A. Red Triangle Fund, as well as \$7,550 in smaller sums to sundry patriotic organizations, almost all connected with the war.

It is with much regret that your Directors have to advise the death of Mr. William Farwell during the year. Mr. Farwell was formerly President of the Eastern Townships Bank and joined this Board when the business of that bank was acquired. Mr. J. S. Mitchell, of Sherbrooke, who was formerly on the Board of the Eastern Townships Bank, has been elected to fill the vacancy.

The report of the auditors appointed by you at the last annual meeting, under the provisions of Section 56 of the Bank Act, is appended to the statement submitted to you to-day. In addition, the officers of our own Inspection Department have made the usual inspection of the various

branches of the Bank and the departments of the Head Office.

The Directors have pleasure in again testifying to the satisfactory manner in which the officers of the Bank have discharged their respective duties.

JOHN AIRD,
General Manager.

B. E. WALKER,
President.

TORONTO, 10th January, 1919.

Before moving the adoption of the Report, the President called on the General Manager to address the shareholders:

GENERAL MANAGER'S ADDRESS

For the first time since January, 1914, we meet without the sinister shadow of the great war upon us. Difficult as is the outlook before many of the warring nations and perplexing as are the problems for which a solution has to be found before a satisfactory peace can be concluded, hostilities have ceased and cannot be renewed on the same colossal scale. We rejoice that the sacrifice of life has come to an end and that those members of our staff at the front who have survived the conflict, and others who are near and dear to many of us, can now look forward with assurance to the welcome that awaits them at their home-coming. The past year has been pleasurably marked by the jubilees of both our President and Vice-President in their respective callings. On July 24th our honoured President, Sir Edmund Walker, celebrated the fiftieth anniversary of the day on which he entered the service of this Bank, and the occasion was marked by a dinner tendered to him by the Board of Directors. An account

of this has been printed and copies of the pamphlet are available for any of you who may desire them. The addresses of the evening, and the extracts from the many letters and telegrams of congratulation which came from all over the country upon the happy event becoming known, tell more eloquently than any words of mine could do, the esteem in which he is held by all classes of the community. The day was further commemorated by our making it the occasion upon which the five- and ten-dollar notes of the new issue of this Bank, to which I referred at the last annual meeting, were first paid out. The artistic quality of the designs of these notes, for which Sir Edmund is personally responsible, and his well-known interest in matters of art, seemed to make this a fitting compliment to him. Just a few weeks earlier, on May 19th, Mr. Z. A. Lash, our esteemed Vice-President, and trusted legal adviser during so many years, had celebrated the fiftieth anniversary of his call to the Bar of Ontario. The close coincidence of these two events, so unusual in themselves, with the fiftieth anniversary of the Bank itself and with the consummation of our long-deferred wish to see the rest equal to the paid-up capital, was very remarkable; and being followed so closely by the close of the great war, make the past year a very notable one in the history of the institution.

We have, therefore, many reasons for a feeling of jubilation on this occasion, and this is added to by the excellence of the statement which we have pleasure in presenting to you. The earnings of the Bank have been good, and the profits have again reached a new high level, amounting to \$2,850,000, or \$212,000 more than a year ago. We confess to a feeling of pride that we have been able to maintain the premier place among Canadian banks in this, to you, important item. Notwithstanding the apparent size of the figures, however, it must not be forgotten that the rate of earnings of this

Bank, as of Canadian banks in general, is steadily decreasing, when measured by the services rendered and the extent of the effort put forth by our staff. On the average of our total assets during the year we have earned only $\frac{7}{10}$ ths of one per cent. as compared with 1.27 per cent. in 1913, the last year prior to the war, and 1.37 per cent. ten years ago. The main causes of this, as I have pointed out in previous years, are, on the one hand, the enormous increase in the volume of those banking services which are performed for the public without remuneration, and the fact that banking is one of the few businesses in which charges are sometimes lowered but seldom increased, in spite of the general increase in the cost of everything else; and on the other, the increases in salaries and wages which are inevitable to enable our men to meet the great increase in the cost of living. It must not be forgotten that salaries and wages constitute the most formidable item of expense in the budget of a bank, and it will readily be understood that the responsibilities and the difficulties of dealing fairly with the members of our staff, in view of the high level of the cost of living, are not small.

An unusual item in our Profit and Loss account this year, which affords us much gratification, is the recovery of the appropriation of \$1,000,000 set aside in the year 1915 to provide for the depreciation of securities. We then expressed the hope of saving this, or at least a part of it, at the end of the war, and it is a source of satisfaction to find our prediction fulfilled.

On the other side of the account, our disbursements in the way of dividends and bonuses to shareholders, and the amounts required to pay the special war tax on bank-note circulation and for the officers' Pension Fund, are the same as a year ago. Subscriptions to various funds of a patriotic nature, almost all of them the direct outcome of the war, have called for \$102,550. We have set aside \$100,000 to defray the cost of a memorial we propose to raise in honour

of the officers of the Bank who served in the great war, and for the cost of the history of the Bank to which I referred a year ago. The form of the memorial is not yet decided, but it will probably take shape when we come to erect a new building on our site here, an undertaking which cannot long be delayed if the natural development of the business of the Bank is not to be hindered by cramped and unsuitable quarters. After doing all this we have been able to transfer \$1,500,000 to Rest account, which thus becomes equal to the paid-up capital, a goal which we have aimed to reach for many a day, but which has called for long years of tireless striving before we could consider it as fairly won. We might perhaps have made a better showing on the surface and have seemed to reach our goal in a shorter period of time, but our wish has been to build surely and carefully upon a firm foundation, and in the meantime to provide beyond peradventure for every weak spot in our loans and securities. We carry forward into the new financial year an undivided balance of profits amounting to \$1,444,842, or \$112,000 more than a year ago.

Turning now to the General Statement, the first item of our liabilities is notes in circulation. These amount to the very large sum of \$31,583,000, or \$7,588,000 more than a year ago. This increase is not far from double the large increase reported last year, but we think that the reasons advanced for it then still hold good, although it is possible that in addition there may be a certain amount of hoarding by a class of munition-workers who adhere to old habits, and hide their savings rather than entrust them to the care of a bank. If so, this cause should soon cease to operate, and we shall watch with much interest the course of the note circulation during the next few months, in which the greatest amount of contraction always takes place each year.

The increase in our total deposits is \$76,733,000, or 27.7 per cent., and the greater part of this is under the heading of deposits not bearing interest, which account for \$64,552,000. Deposits bearing interest show an increase of \$12,181,000, an amount which would have been much greater had it not been for the Victory Loan of 1918. If we turn to the monthly statements to the Government we shall find that deposits payable after notice dropped \$18,853,000 during November, which is solely due to the Victory Loan. On the other hand, it must be remembered that under the arrangements made by the Government for the deposit of the proceeds of the Victory Loan with the banks from which the money was withdrawn, a large part of this money is still at the credit of the Dominion Government, subject to its requirements.

Once again the Minister of Finance and the organization which controlled the Victory Loan campaigns have won an outstanding success. The Victory Loan of 1918 was largely over-subscribed, and without the use of any compulsion save the mere breath of public opinion, the Government has been provided with more than the sum which it required. Yet, as I pointed out last year, the lesson in how to save, so strongly impressed upon the community by these campaigns, is their great result from the national point of view. Who may venture to predict what the knowledge thus acquired of how to invest savings wisely may mean to Canada in the years to come? Except for the increase in the productive capacity of the country, this is perhaps the greatest material benefit derived from the war. Alongside it the loss of a few millions of deposits to individual banks is a very small matter, which, if the lesson is thoroughly learnt, will require only a short period of time to remedy itself.

Our efforts to assist the Minister of Finance in obtaining subscriptions to the Loan have resulted in our securing through this Bank the large sum of \$104,543,000,

represented by 150,773 individual subscriptions. This amount included \$100,000,000 of new money and represents 15 per cent. of the total. It is gratifying to know that we have far exceeded the proportion which might be reasonably expected from us. This result has not been obtained without very strenuous efforts on the part of our staff, and also the expenditure of a large amount of money by the Bank. Unfortunately the heavy task came upon our staff just at the moment when their ranks were depleted by the ravages of influenza. In connection with this, as well as previous loans, we shall also be required to perform for the Government special services, such as the payment of coupons and interest during the term of the loans, the last of which does not mature until the year 1937. The Canadian banks were also called upon during the year to assist in the Dominion Government financing to a large amount, and we assumed our full share of these advances. In addition we participated in a loan of \$100,000,000 to the Imperial Government against Treasury Bills and renewed the advances made against similar security to the Imperial Munitions Board.

Acceptances under Letters of Credit, offset in our balance sheet by the corresponding liability of our customers which appears among the assets, show a large increase, represented by advances in Canada and the United States, secured in nearly every case by food supplies purchased for account of the Allies. Cash on hand, consisting of gold and silver coin and Dominion notes amounts to \$61,971,000, as compared with \$54,652,000 a year ago, an increase of \$7,319,000. Of this we had \$17,500,000 in the Central Gold Reserves, to provide cover for our excess note circulation. Our total holdings of gold and silver coin—principally gold, but including the necessary silver for the tills of the branches—are slightly lower than a year ago. We hold,

however, a much larger amount in Canada, in the carrying out of the views I expressed last year in referring to this subject. This was not accomplished without difficulty, owing to the embargo placed on exports of gold by the United States Government and to the demands of that Government; and the effort to increase our holdings has been further hampered by the decline in the output of the Canadian mines caused by the present high cost of production. It is gratifying to find a substantial agreement with our views on this subject in the report of the Imperial "Committee on Currency and Foreign Exchanges after the War," of which Lord Cunliffe, Governor of the Bank of England, was Chairman. In its first interim report this committee has emphasized the imperative need that the gold standard should be effectively maintained in Great Britain, and that the necessary measures to this end should be taken without delay. Similar measures are being urged in the United States by a not uninfluential section of the press, and it is disquieting to hear a discordant note sounded in certain influential financial circles in this country. We think that the Government could well afford to pay a small royalty to encourage an increase in the production of the gold mines of Canada. The conditions of the last two years have very adversely affected the mining of gold, especially as compared with silver, and in the interests of the country we believe that the Government should seriously consider some plan for placing this industry on a profitable footing.

The next item of the assets, consisting of notes and cheques and balances due by other banks, shows an increase of \$3,830,000, almost all of which is made up of larger holdings of cheques on other banks, which constitute the daily exchanges. This increase is due solely to an increased volume of current banking transactions. Securities of various kinds have increased \$16,183,000, represented principally by larger holdings of British and

Canadian Government securities. On the other hand, railway and miscellaneous securities have decreased slightly. Call and short loans show an increase of \$8,324,000, of which the greater part is in loans outside Canada, and immediately available assets are \$35,682,000 greater, standing at about 50 per cent. of our liabilities to the public. Commercial loans show an increase of \$52,621,000, nearly all of which is lent in Canada. While there is no doubt a good deal of activity in such manufacturing as can be carried on under the circumstances of the past few months, a large part of this increase is due to high prices and to delay in realizing on our wheat and other produce, which has been reserved by the Government. The delay in this connection, while no doubt largely inevitable under existing conditions, has a prejudicial effect on those immediately concerned. With the passing of the era of high prices, especially those of farm produce, and a return of wages to a more normal level than that of munition-making, we must expect to see decreases in the volume of both our loans and deposits. Indeed, it will not be surprising if the figures of the present balance sheet are not exceeded for several years to come.

The principal change in the item of Real Estate other than Bank Premises is occasioned by our having paid off a mortgage on the Eastern Townships Bank building in Montreal. We also paid at maturity the mortgage on part of the property adjoining the site of this building, acquired some years ago for the extension of our Head Office premises; this, and the purchase and remodeling of a building for the use of our Three Rivers branch, are the principal items accounting for the net increase of \$254,000 in Bank Premises account. Total assets have increased \$95,935,000, and now amount to the very large sum of \$440,310,000. This increase is 27.8 per cent. over the figures of last year, a remarkable showing when it is recalled that we have been marking time in the opening

of new branches, and that we have not taken over the business of any other bank.

We have continued to keep our office open in Mexico in the expectation that general conditions in that unhappy country would so improve that it would enable us to operate at some profit. We hope, now that the great European War is over, that the Mexican authorities will see their way to guard the interests of foreign corporations, so that we shall not be compelled to withdraw from what would be, under ordinary conditions, a profitable field for banking. Should we be disappointed in our expectations, however, we should not be exposed to any undue loss, as we have from time to time continued to make appropriations against our investments there.

With regard to the staff, it is our desire to reinstate all officers who wish to come back to our service from military duty, and at the same time to avoid any hardship which might be created by dispensing with the services of the members of the temporary staff, who have filled the breach so acceptably during the past four years.

With sorrow we record the death in action of eighty-five additional members of our staff during the past year, making a total of 226 who have been killed in action, or have died of wounds, since the outbreak of the war. The number of wounded men reported to us has now reached 294; 7 are still recorded as missing and 23 as in the prison camps. Under the terms of the armistice we trust that these prisoners have now been successful in reaching allied or neutral countries.

A year ago I urged the importance to Canada of stimulating the production and export of food, the need of organization for the purpose, and the attractiveness of the outlook for this branch of commerce. The ending of the war has in no wise dimmed the prospect. The last number of the *Agricultural Gazette*, the official publication of the Dominion Department of Agriculture, contains an

appeal from the Dominion Government along similar lines, and particularly emphasizes the bright prospects of the meat export trade. Speaking of the outlook before this country now that the war has ended, the Minister of Finance, Sir Thomas White, writes: "There would seem no reason to apprehend any failure of markets for all the food that Canada can produce. Our grain, live stock, and their products, with those of our fisheries, should all be in keen demand at high prices. . . . Increase in our agricultural production will not only help to furnish food for a hungry Europe, but will be a chief factor in maintaining our favourable international trade balance as well." All countries are seeking to increase their export trade; all are hoping to be sellers and to limit their purchases. Under such conditions the successful ones will be those which have special natural advantages for a certain line of production and which can find a market for the same line of goods. Is there any country better fitted than Canada for the production of food, or any branch of commerce in which an ample market is more assured!

Any number of plans are afloat for the carrying on of large public works after the war. These are advocated on all sides in the hope that the era of free spending may tide over that of falling prices. Few of the promoters, however, appear to have considered where the money is to come from. By all means let a wise and statesmanlike view of the matter prevail, and all public works be undertaken which are in the best interests of the community, having regard to all aspects of the question. But let it not be forgotten that such works have to be paid for sooner or later out of the taxes, and the hope of every citizen at the present moment, I may safely say, is to see his tax bills reduced rather than largely increased. Even public borrowing cannot indefinitely postpone the evil day of payment. Some of our municipalities are already hampered by the load of debt incurred in former eras of prosperity,

and no one would advocate any considerable increase at this time in the national debt of the Dominion. The safe course is wisely set out in the Cunliffe report to which I have already referred. After speaking of the pressure that is sure to be brought to bear upon the state for capital expenditure in many forms for reconstruction purposes, it points out that all money expended on reconstruction work should come out of savings and not be obtained by the creation of new credit. The burden of prevailing high interest rates in the case of such works has also to be considered, and although the outlook as to the value of money after the war is uncertain, it seems probable that current rates in England are held below the natural level at present by war-time regulations, and that when these restrictions are removed, rates may tend upward rather than downward. It is clear that the importance of saving and economy in personal expenditures as a public duty will not be lessened by the ending of the war, but, if possible, increased.

The task of dealing with the trade problems of Canada has already been taken up in earnest by a number of associations, and some good preparatory work has been done. Attention is also being devoted in various quarters to scientific research into the problems of business and manufacturing, which proved such a valuable feature of the German methods. The value of co-operation among exporters in the development of export trade has been recognized by law in the United States, and it is in the field of foreign trade that banking credit has also a part to play. Is not this one direction in which we have an advantage over the United States, through the existence of banking institutions experienced in the granting of the necessary credit, whereas much of the machinery for this purpose in the United States has been called into existence solely for the occasion, and is forced to work along unfamiliar lines? On the other hand,

we must not forget the energy with which our neighbours carry out any task they undertake, lest we should ultimately discover that the new broom has swept the field bare. It is interesting to note in this connection that the London Statist is of the opinion that after the war Canada will prove more attractive to emigrants than the United States, and that thus the drain upon the manpower of this country made by the war will be more than remedied.

As to the future, we feel that we can look forward with quiet confidence. The multifarious restrictions which have necessarily been placed on business during the war will doubtless disappear before long, and they should be removed by the Government as speedily as possible. This will aid in lessening unemployment at home, and enable our exporters to resume their operations in other countries before the field is occupied. Attention should also be given to the prompt settlement of all outstanding contracts and obligations of the Government, and to the claims arising out of the cancellation of contracts. These are sometimes allowed to drag, causing great injustice to individuals and corporations, and preventing them from resuming their accustomed place in the peace activities of the nation. By prompt attention to such matters the Government can assist materially in the restoration of a normal state of affairs in the business world. We have been fortunate in this country in that our participation in the war has not involved material damage at home. Our efforts have entailed no exhaustion on our part, and while the problems before us are many and difficult, we believe that a satisfactory solution will be found for all of them.

PRESIDENT'S ADDRESS

The President then said:

The war is over and we are struggling with the terms which we intend to impose on Germany. One turn of the kaleidoscope has changed the aspect of almost everything in our daily life and in our mental horizon. Only yesterday we were bending every faculty as a nation and as individuals to the thousand different kinds of effort necessary to win the war. We had completely disrupted the co-operation of individuals in the various pursuits of life which are necessary to the happiness of society in times of peace, and men and women were drawn either into military and munition work, or into the production of food, almost to the limit of our powers. Now the work in munition factories has stopped, our armies will return, and from 500,000 to 600,000 men and women, an enormous proportion of our small population, will have to find new kinds of employment. The enlistment of soldiers, and the withdrawal of others from peaceful occupations to the making of munitions, took four years to reach a climax, but the reverse process comes upon us in an instant. We shall in the end have work for all, but much that could have been started at once in spring or summer is impossible in winter. The troops will come home gradually, and as six months' pay is to be given to some of them, and smaller allowances to others, our anxiety regarding them is partly removed. The munition workers, however, cannot be shifted to new employment fast enough to prevent there being a considerable number out of work during this winter.

In order to appreciate the scale of industrial events we turn as usual to the figures of our foreign trade. Disregarding coin and bullion, which have fallen to inconsiderable figures, the excess of exports, for the fiscal year ending 31st March, amounted to \$623,647,000. The excess for the two previous years, large as it was when compared with the

past, was \$563,795,000, or considerably less than for the one year under consideration. Our total foreign trade was \$2,548,691,000, as against a total of \$1,129,616,000 in the year ending 31st March, 1914, but we had passed the crest of the wave before the war ended. The year ending in September, 1918, consisting of the halves of two fiscal years, shows a smaller volume of trade and surplus exports of \$504,242,000. Now that the war is over, we shall study with intense interest the figures of our foreign trade in the immediate future.

The decline in foreign trade for the year ending in September was partly due to smaller exports of manufactures, but mainly to smaller exports of wheat. The enormous surplus of \$623,647,000 during the fiscal year ending in March was due to an increase in exports of \$406,958,000, while imports increased only \$98,017,000. The increase in pastoral and agricultural products was \$241,442,000, and in manufactures \$173,527,000. This would seem to be very satisfactory indeed, were it not that for the bulk of our exports we give long credit to Great Britain, while for our imports we must pay in international money; so that this surplus in exports, much as it adds to our prosperity, carries with it difficult financial problems. It is interesting, therefore, to turn to our imports and to consider how far we ought to be able to produce them ourselves. For iron and steel, in forms used as raw material for manufacturing, we spent abroad over seventy-five millions; for carriages of all sorts, including motor carriages, wagons, railroad cars, horse carriages and for rubber tires, etc., we spent twenty-five millions; for gasoline, steam and other engines and for electrical apparatus, we spent twenty-five millions; for petroleum, twenty millions, and for paper in various forms seven millions. I mention these particular items because we already produce part, and we expect eventually to produce the whole, of our requirements in all of them. If we could do so now we could face the future with complete

assurance as to our financial position as a nation, and with the best possible market for our farm products—that at home. We cannot avoid the purchase of coal for some parts of Canada, great as our supply is in other parts, but an expenditure abroad of eighty-two millions for coal and coke raises sharply the question of whether we are doing the best that is possible under the circumstances. Our import figures, as in other war years, are swollen by an item of \$130,773,000, covering military stores, munitions of war, etc., “imported and remaining the property of the Imperial Government,” and we can judge of the sudden change that peace will bring by an item among our exports: cart-ridges—gun, rifle and pistol—\$351,539,000.

The field crops of Canada for 1918, the figures of the last month being only an estimate, are valued at \$1,383,000,000, as against \$1,145,000,000 for 1917, the actual value that year being larger than the estimate. The total production from our mines is estimated at \$220,000,000, as compared with \$189,646,000 in 1917 and \$177,201,000 in 1916.

Such a surplus of exports over imports as \$623,000,000 would, if we were paid in international money, make us financially rich beyond imagination and it would put New York exchange, the real test of our international position, at a discount. As a matter of fact New York exchange has lately been at a high premium, because with all our exports we cannot command enough international money to keep the balance even. At the moment, because of transportation difficulties, we are carrying a very large amount of wheat sold to the British Government. If in settlement we received even a moderate payment in cash we could keep the rate for New York exchange fairly low, but there is no assurance that any part of what is due will be paid in money useful for international settlements. We have pointed out before the extent to which we make purchases from the United States which must be settled in cash,

and for which, directly or indirectly, we receive from Great Britain only long-term obligations. This year conditions are not improved, despite large orders for munitions given by the United States to Canada. Comparing the year ending 31st March, 1918, with the previous one, we imported from the United States goods to the value of \$792,000,000, as against \$678,000,000, and we exported to them \$418,000,000, as against \$290,000,000, so that we owed them on balance \$374,000,000 instead of \$388,000,000. During the six months ending September, 1918, matters did not improve; the scale of imports and exports was larger, but the resulting difference against us was proportionately about the same.

The cost of the war to Canada as at 30th November, with all outstanding items carefully computed, was about \$1,125,000,000 as compared with \$685,000,000 up to the corresponding date a year ago. The balance due to Canada by Great Britain, in the open accounts between the two countries, is about \$170,000,000. If we desire to consider the extent to which Great Britain's debt to Canada on war account may help our finances by its liquidation at a future time, we have to add to this \$200,000,000 due to the Canadian banks by the Imperial Government.

In November, 1917, the first Victory Loan (the fourth Canadian War Loan) was offered. The sum asked was \$150,000,000, and 875,000 people subscribed \$421,000,000. The figures we quoted a year ago were largely exceeded when the returns were completed. This issue was made at 98.67, and if it had followed the fate of most war loans, it would have declined in price somewhat before the next loan appeared, but the organization which made the issue so successful took care of the market so well that, while a very considerable percentage of the loan was turned over from day to day, the issue price was not merely maintained but was raised to par by July, 1918. As a consequence, when the

second Victory Loan came out in October last, the Finance Minister was able to make the issue price par with accrued interest. The latest figures for this loan show that, while \$300,000,000 was asked, 1,080,000 people have subscribed for \$690,000,000. We were very proud that the subscriptions to the loan of 1917 reached a total of \$53.37 per head of our population, but the amount subscribed to the 1918 loan was \$88.10 per head. In 1917 one citizen in every 9.02 bought a bond, and in 1918, one in every 7.25. The largest amount subscribed per head was in Ontario, where the average was \$128.75, and where one in every 4.94 bought bonds. In these calculations the population is estimated at 7,821,200. This is not an official estimate, but it was made with great care.

Sales of Canadian securities were only a trifle larger than for the calendar year 1917, but the table below will show that they were almost entirely absorbed in Canada:

Securities	Total Sold	In Canada	In United States	In Great Britain
*Government....	\$704,632,729	\$675,869,396	\$ 25,600,000	\$3,163,333
Municipal.....	45,805,720	43,099,820	2,705,900	.....
Railway.....	5,000,000	.....	5,000,000	.....
Public Service Corporation.....	2,375,000	1,375,000	1,000,000	.....
Miscellaneous....	6,155,000	4,505,000	1,650,000	.....
Total 1918.....	\$763,968,449	\$724,849,216	\$35,955,900	\$3,163,333
Percentage.....	100%	94.87%	4.70%	.43%

*Government issues include \$3,500,000 Government of Newfoundland Bonds and \$2,000,000 of the French Republic Bond issue, which were absorbed by the Canadian market.

This, as compared with anything in our past, is very surprising. Not only are both of our huge Victory Loans at a premium, but the general course of our bond market has shown a corresponding improvement. While it opened in 1918 at the lowest level of prices, and therefore at the highest yield in interest, that we have seen for years, it has improved so that the yield is now from one-quarter to one-half of one per cent. less than at the beginning

of the year. Not only have we taken care of all new requirements, but we have paid off loans maturing in the United States to the amount of about \$40,000,000. Now that the war is ended, we must expect large issues of provincial and municipal bonds, and these should find a ready market either in Canada or in the United States.

The financial and trade situation in the latter country is very fully set forth by our New York agent, and the history of American finance during the war is dealt with at length. It is difficult to realize that, in spite of their coming into the war so late, their industries were apparently almost as completely diverted to war purposes as those of other allied countries, the expansion in particular directions, and in foreign trade generally, being without example and beyond our imagination of what was possible. One or two items from his report give us some idea of the scale of their operations. The disbursements of the Government for the fiscal year ending June, 1918, were about \$13,000,000,000, of which \$4,738,000,000 were loans to allies. The estimated expenditure for the year ending June, 1919, was \$24,000,000,000, but it is thought that in view of the armistice this will be reduced to \$18,000,000,000. The total loans to allies in November last were stated to be \$8,185,000,000. Nothing is more impressive than the fact that of these colossal expenditures one-third is raised by taxation. It has been frequently said that without the Federal Reserve System of banking the United States could probably not have financed the war without more or less collapse of her financial system. It is equally true that the System has permitted an expansion of credit which, notwithstanding the importation of over \$1,000,000,000 in gold since the war began, has gone far enough to require a very conservative course for the immediate future.

This may be a good point at which to consider the position of Great Britain. The report of our London manager

should be read by everyone who desires to realize the part that country has played in the war. Unprepared—except as to that navy which by blockading Germany really won the war—she raised a vast army which, like none of the other armies, fought in all the widely separated areas of the conflict. For two years, while we awaited the entry of the United States, she bore the heavy part of the whole war, lending money, supplying munitions, coal, food, sympathy and advice to her allies. In resourcefulness, invention, daring and unyielding courage, whether in the trenches, at sea, or especially in the air, she astonished her own children and she amazed that part of the world which has never understood her, unless it be now that the war is won. When the war began she had a debt of three and a half billions of dollars. If we deduct what she has lent to her allies, and certain other recoverable items, she will probably owe twenty-two billions of dollars at a rough estimate. From the first report of the Committee on Currency and Foreign Exchanges after the War, it is clear that the mind of the British banker is steadily bent not upon further possibilities of inflation, but upon recovering the gold position of Great Britain as soon as possible. The Bank of England has the largest quantity of gold in its history, but its ratio of reserve is low, and the new Government issues of £1 and 10-shilling notes have reached the large total of £293,790,000. Great Britain controls a large percentage of the new gold produced throughout the world, and in the scramble for gold which we shall doubtless see for many years to come, she will have the best position. In raising money for the prosecution of the war she has shown a wonderful confidence in her people, as to their power, as well as to their willingness, to provide whatever was necessary, week by week, and she has latterly avoided the large issues at particular moments which have so disturbed finance elsewhere. She at first alarmed some of us by the vast amount of Treasury Bills which she kept afloat, but later in 1917 she seemed to have “found herself,” and

sold National War Bonds and War Savings Certificates in a steady stream through banks and post offices to a sufficient extent to meet her needs of £25,000,000 per week. What she was not able to pay was her indebtedness to the United States and Canada for munitions supplied, as this required international money, that is, gold or balances due by foreign countries. She had shipped to the United States, either directly or through other countries, over \$1,000,000,000 in gold, as well as a large amount of securities, and had closed down her manufactures for export in order to produce munitions, and thus, after making huge loans to the allies, she began to require those outside loans which are now roughly estimated at about \$5,000,000,000. Her loans to the allies are supposed to balance the loans she obtained abroad, and we need have little fear that she will not very soon re-establish her supremacy in the field of finance throughout the world, great as are the difficulties surrounding her position. Committees are discussing every phase of her industrial and financial future, and it is realized by her, as we wish it were in some other countries, that uncertainty as to the conditions which will surround her industries is the greatest of all enemies to progress. She will doubtless relax only slowly the regulation of trade and finance made necessary by the war, perhaps still rationing raw materials, recognizing the priority of essential industries, supervising new issues of securities and checking the export of capital.

We have endeavoured during the war to give some idea, even if the information were fragmentary, of the scope of munition-making in Canada, especially the work of the Imperial Munitions Board. This year we have been anticipated by the excellent government publication entitled "Canada's War Effort 1914-1918," published not as a final record but as an inspiration for the "fifth year of the war," "the prelude of a greater effort still to come." That the work being done was beyond all expectation we felt to

be our excuse for special reference to it, but few of us were prepared for the unstinted praise given by the Premier, Mr. Lloyd George, and by Mr. Churchill, shortly after hostilities ceased. Mr. Churchill telegraphed to Sir Joseph Flavelle as follows:

"As an armistice with Germany has now been concluded, I wish, as Minister of Munitions, to congratulate you, and through you all your staff, on the splendid work of the Imperial Munitions Board during the last three years. You have carried through a work of the greatest magnitude with uniform success and efficiency, and I wish to pay my personal tribute to the great ability, energy, and organizing power you, as chairman, have shown. Canada's remarkable output of munitions has played a large part in the munitioning of the British armies, and will remain a testimony to the high value of the work of the Board in this great struggle. . . . Before August, 1914, no Canadian manufacturer had ever made a shell or a cartridge case or a fuse, but already in the second half of 1917 it was producing 55 per cent. of the shrapnel shells, 42 per cent. of the 4.5 shells, 27 per cent. of the 6 inch, 15 per cent. of the 8 inch, and 16 per cent. of the 9.2 inch shells used by the British armies."

The report of the British War Cabinet for 1917, in commenting upon the operations in Canada, said:

"The Imperial Munitions Board, created in November, 1915, is an integral part of the British Ministry of Munitions, directly responsible to the Minister, and the British Government was financially responsible for all its expenditure."

We have already been told that the value of the orders placed in Canada on British account exceeded \$1,200,000,000, covering munitions, ships, aeroplane timber, and sundry war supplies, but it is more interesting to hear that actual cash disbursements had been made down to two months ago, amounting to \$1,075,000,000. Some of the material represented in these purchases is as follows:

Steel Forgings, numbering.....	75,600,000
Shells, numbering.....	68,300,000
In the production of these forgings and shells upwards of 2,100,000 tons of steel have been used, of which 1,600,000 tons were produced in Canada.	
Copper Bands, numbering.....	73,600,000
of which 23,000,000 were produced in Canada.	
Fuses, numbering.....	29,000,000
of which 19,000,000 were produced in Canada.	
Powder.....	81,000,000 lb.
High explosives.....	75,000,000 lb.
Steamships built, under construction and under contract:	
Wooden.....	46
Steel.....	44
with an aggregate of 340,100 tons dead-weight and an aggregate value of.....	\$64,500,000
Aeroplanes built.....	3,000

In addition to this seven national plants were built at a cost of over 15 millions, the capital being largely written off already as part of the cost of manufacture. Acetic acid was being made in a plant costing over a million and ferro-silicon in two plants. Carbide was being shipped at the rate of 700 tons monthly. The Board arranged the purchase of timber in Canada for all purposes in Great Britain, private as well as government. Of the special timber used in constructing aeroplanes in Great Britain, Canada supplied 40 per cent. How important this was may be gathered from the following statement telegraphed by the Controller of Timber:

"It is a notable performance. To have increased production to this extent is a great achievement. This increase should enable us to look forward with some confidence to being able to meet the requirements of the Aircraft Production Department during the year."

Some idea of the work of the Transportation Department of the Board may be gathered from the fact that the volume of inland traffic to and from machinery plants in 1917 was 1,600,000 tons, while 785,000 tons were shipped overseas.

It is interesting to record that, to the mutual advantage of both countries, as our equipment and organization had been released from the production of ammunition for Great Britain, orders were placed in Canada by the United States Ordnance Department.

The expenditures for war supplies apart from those of the Imperial Munitions Board are more difficult to trace than last year. During the period of the war the Department of Agriculture bought for the British Government, oats, hay and flour to the value of a little less than 100 million dollars, and before the war ended they had already begun to buy hay for the United States Government. The War Purchasing Commission recently undertook to supervise the expenditures of other departments, in addition to war disbursements, and these two cannot be readily separated, but altogether we can trace expenditures on war account of from 70 to 80 millions during the past year.

Except in this part of Canada few people realize what the work of the Royal Air Force in its six camps has meant in the successful prosecution of the war. Upwards of 20 millions have been spent on equipment and maintenance, and although it is a branch of the British service and not of the Canadian, we have the proud satisfaction of knowing that among those trained in these camps were 3,500 Canadian officers and 6,000 Canadian mechanics.

It may be well to recall what we have accomplished during the period of the war in matters which have a bearing on our industrial and financial future. We have increased the deposits by the public in our banks, from July, 1914, to November, 1918, by 587 millions, of which 268 millions is of the interest-bearing or savings class. We have purchased securities issued by the Dominion Government and others amounting roughly to one billion four hundred millions, having regard to securities issued in Canada but since sold abroad, and securities bought back from foreign holders. The Dominion Government and the banks have

lent to the Imperial Government at least 370 million dollars. We are also carrying on behalf of the Imperial Government a large part of the wheat crop of 1918. The circulation of bank notes has increased by 140 millions, of which, however, 127 millions is covered by deposits of gold or legal tenders in the Central Gold Reserve. The issue of legal tender notes by the Dominion Government, not covered by gold, was at 30th November 221 millions; but while some of this is an addition to the national debt, a considerable part of it is issued under the Finance Act to facilitate the movement of products and should thus in time disappear. In the early years of the war we sold securities in the United States, and if in winding up our war accounts we find that Great Britain owes us about as much as we have borrowed abroad since August, 1914, we shall have the proud satisfaction of having paid our share of the cost of the war out of our own pockets. On the one hand we shall know that in the greatest emergency in the history of the world we did our part; on the other that we now have a sort of great national ledger in which vast sums stand at the credit of some of our people, to be paid by our people as a whole over a series of years.

So far as tangible objects of wealth are concerned we are hardly better off than when the war began. We have created many new factories and plants to make instruments of war, and acquired much skill in working these plants, we have large additions to steel and other plants immediately available for works of peace, and we have new ship-yards, but because of four years of concentration on war, we are in need of supplies in many directions. In addition to the resumption of activities in every form of production existing before the war and the beginning of many new activities, we need large expenditures to make our country roads fit for modern systems of transportation and, frankly, we have waited long enough for this. Anyone acquainted with the traffic on the Toronto and Hamilton Highway will

need no further argument as to the business utility of such improvements. We need dwelling houses by the thousand in many districts, and other buildings only await a reasonable adjustment of the present high cost of erection. Our farmers are richer than ever before and will doubtless require farm improvements on a very large scale. We need large expenditures on railways in every direction, greater mileage, more engines, more cars, and better terminals. We need ocean ships to help us compete for the trade of the world.

There will doubtless be considerable foreign trade open to those who can compete for it, but it will not be obtained without a struggle which leaves no room for lack of skill in manufacturing, of the knowledge of costs, of the power of finance, and of the facilities for transportation. If we can finance part of the reconstruction of Europe as we have financed the making of munitions for Great Britain, we shall probably get a fair share of the business now that we have a trade mission in existence for this purpose. For a time there will apparently be a market for all food-stuffs, and the demand for agricultural implements should keep our factories very fully employed. Lumber mills should readily sell their product, and doubtless many industries which attained success under our rather difficult pre-war conditions will battle successfully for a share of foreign trade. The recent announcement that orders for lumber valued at forty millions of dollars will be placed in Canada, and will be financed by the Dominion Government, is the first result of our trade mission.

There is such a scarcity of cattle throughout Europe, and the work of building up reserves is so slow, that we may expect a good market for some years to come. An admirable report by the Canada Food Board shows that, based on the number of animals to every hundred acres of farm lands, we are still at the bottom of the list as producers of cattle, sheep and hogs. That we should have only about

one-fourth as many cattle per hundred acres as Holland or Denmark, and only about one-half as many as Great Britain or France, is not so strange as that we have not as many as the United States. Of Great Britain's immense requirements we supply only about three per cent. We do not count at all so far as sheep raising is concerned, and if, as is estimated, the world's supply of wool will not be normal for six years, the opportunity is evident. It is, however, our relative standing as a producer of hogs that is most surprising. We raise only 3 hogs per hundred acres of farm lands, against every 8 in the United States, 19 in Holland, and 22 in Denmark, and we supply England with only ten per cent. of her requirements. To repeat the words of this report, "the enormous possibility for development of the Canadian live stock industry is apparent." Our farmers have much more capital than ever before, and we hope that not only a large annual supply of animals for the market will result, but much larger herds as the basis of supply.

If we are to secure the increased production necessary to pay our debts and to prosper, we must recognize certain main points as essential to success. We must be able to lend money to many of the purchasing countries, a condition never present in our export trade before the war. We can readily sell at good prices the products of our farms and pastoral areas, and of our forests and mines. We can find good markets for the manufactured goods which appeared in our exports before the war: agricultural, traction and electrical machinery, paper, pulp, and other articles. For the time being, and we hope permanently, we can build ships, railroad cars and engines, for other countries as well as for ourselves. But we can only keep export trade permanently by a superiority over other manufacturing nations in at least some respects. We have at least one asset of great significance. We are possibly better supplied with water powers of great future possibili-

ties than any other country in the world. Except in the maritime provinces and in one prairie province, we can provide almost every important industrial centre with hydro-electric power. In many countries possessing water powers their value as a national asset is prized so highly, that we may be left in the background if the problem of gradual development at the minimum of cost is not soon solved. This must be worked out on terms of equity both as to the proper distribution of such a priceless asset, and as to the rights of the private capital invested therein, with full assurance as to the sacredness of contract. We have more than once drawn attention to the necessity for industrial bureaus where some of the troubles of the manufacturers can be solved, and for such investigations as those carried on by the Honorary Advisory Council for Scientific and Industrial Research at Ottawa. We are told that we have not in Canada a sufficient number of students available for research work, and this is no doubt quite true. It unfortunately reflects the inability of our universities, because of quite inadequate incomes, to afford the opportunities for training and study which the conditions of our country demand.

We can now start afresh with the problems of peace, conscious that greater effort is necessary for the future but that we are able to do many things thought impossible before the war; that our war burden, heavy as it is, is lighter than that of several of the leading nations, and that with our small population and vast country we should be able to attract immigration more successfully than ever in the past. Our war debt, at least that part of it which is held at home, will not seriously interfere with our power of production. Our heaviest burden will still be the annual sum we must pay for interest on our debts to other countries. Because of securities floated in the United States during the war, this is now about 185 millions. If, therefore, living in our

comfortable way, we could provide for our public and private improvements by loans at home, and export more than we import to a sufficient extent to enable us to pay this foreign interest, we should prosper and not feel the cost of the war too much. I am aware, however, that we have a small population and a great country to develop, that immigrants may come in large numbers, that railway building is far from being at an end, and that our credit will be good in all markets where money can be obtained. So that although our Victory loans have taught our people to invest their savings in securities, and have made manifest an ability to absorb securities which has amazed us, we shall doubtless, as in the past, borrow abroad for our larger schemes of development and thus still further mortgage the future of this country. The wisdom of borrowing depends in each case upon the resulting gain in productive power, but as a rule we shall do well in the near future to look with suspicion upon loans obtained abroad, and to remember that the interest and amortization of such loans is, like the farmer's mortgage, the shadow over every working day.

I must not close my remarks without a reference to the very marked change which has come about in the banking institutions of the world. Before the war modern transportation and the cable were so increasing the transactions between the various nations, that bankers in Great Britain and the United States, not hitherto dealing in foreign exchange, were beginning to discuss the establishment of foreign branches. The war, by its huge demands on finance, accentuated by high prices, has had the effect of causing amalgamations of banks on a large scale, in order that adequate support to business might be possible under the new conditions. Several of these amalgamations have, however, been mainly for the purpose of joining British banks of deposit and discount of the ordinary type to banks established for foreign business. One great American bank which has lately gone into foreign fields has

already established 39 foreign branches, and announces that it will before long have one hundred such establishments; so that we, who have always been more or less in the foreign banking business, must look to our laurels. In the meantime, without any recent amalgamations, our own figures have reached a total which would have been most noticeable in any financial centre twenty years ago. We have not, however, even in connection with the several amalgamations in past years, asked you to reconsider the remuneration of your directors and a resolution in that connection will be proposed later by the Vice-President.

On motion of the President, seconded by the Vice-President, the report was adopted.

It was moved by Mr. E. R. Wood, seconded by Mr. A. J. Helliwell, that the retiring auditors, Messrs. T. Harry Webb, C.A., and James Marwick, C.A., be and they are hereby reappointed to hold office until the next annual general meeting, their remuneration not to exceed \$18,000.

It was moved by Mr. Alexander Bruce, K.C., seconded by Mr. William Cook, that the thanks of the meeting are due and are hereby tendered to the President, Vice-President and other Directors for their careful attention to the interests of the Bank during the past twelve months.

In moving the resolution Mr. Bruce said: After the address of the General Manager, which so fully explained all the items of this report, and after the most instructive address from yourself, Mr. Chairman, always listened to by a large audience with interest, it would be useless for me to touch upon the report; the results are so striking that they speak much more eloquently than I could. I would, however, wish to emphasize the fact that not only have the shareholders occasion to be satisfied with this report, but that the whole country owes a debt of gratitude to the

Bank of Commerce. What they have done is not the selfish making of money for the shareholders, but the carrying of the country through the stress of war.

Sir John Aird has referred to your long connection with the Bank, Mr. Chairman, and to Mr. Lash's long connection with the legal profession—over fifty years in each case—and I venture to express the hope that you will both be long spared, because I am sure the results in the case of this Bank's statement are very largely due to your efforts, ably assisted by Mr. Lash. I need not speak of his work as a lawyer; it is known not only throughout the province but throughout the world, and in banking matters, next to yourself, sir, he has probably done more than any other man in Canada.

The Chairman: Perhaps it is not necessary that I should say that the past year has been in every way most difficult and most weighty in its responsibilities, and has needed more courage and clearness of vision than were ever called for before. Credits have been required in connection with war supplies far larger than we have been in the habit of granting, and the Board has felt a burden of responsibility which I am sure it has never experienced before in ordinary credit transactions. We have been greatly helped during the last period of the war by a committee of the Board which has been at the command of the General Manager whenever necessary, between the weekly meetings. In this connection I shall take the opportunity of mentioning a resolution which Mr. Lash will offer.

The Board is really a very small one when one considers the assets of the Bank and the expansion of its business, and if in a larger way we follow the course adopted in the past, of opening agencies in foreign countries, a very much larger Board might be desirable. Mr. Lash will, therefore, move that the Board be increased now from 19 to 22, and that it also have power by its own action to increase the number of Directors to 25, if occasion suggests the appoint-

ing of a new Director. We are also suggesting that the remuneration of the committee I have spoken of, and of the President and Vice-President, be left in the hands of the Board.

It is the custom at all bank meetings to nominate the Directors whom we have in mind. This year we propose three new names: Thomas Findley, of the Massey-Harris Company, Limited; W. W. Hutchison, of the Lake of the Woods Milling Company, Limited; and H. R. Silver, of Halifax, a customer of this Bank for many years.

Heretofore the Directors have been allowed, and it has been a great privilege, to give away as much as \$5,000 in any one year without disclosing at the annual meeting the nature of the charities for which it has been used. It is suggested that this amount be increased to \$10,000.

Mr. Lash will move a resolution to amend the by-laws in these respects, and will also move that they be revised and consolidated.

I thank you for the resolution and assure you that the Board will continue its work in the same spirit of devotion to the interests of the Bank as in the past.

It was then moved by Mr. G. F. Beer, seconded by Mr. Graham Campbell, that the thanks of the meeting be tendered to the General Manager, the Assistant General Manager and other officers of the Bank for the satisfactory discharge of their respective duties during the past twelve months.

Mr. Beer, in speaking to the resolution, said: The world realizes as possibly never before the importance of capital, the part which it plays in national difficulties and national development. There are some who foster prejudice against what is called capital, forgetting that national security, national development and national well-being are largely dependent upon capital. I draw attention to this because I think it is of importance that the men and women of this country should understand better the nature and import-

ance of capital. I think information on the subject should be given in the public schools, but it should not cease there. There is a misapprehension existing which should be overcome.

Mr. Campbell: I have much pleasure in seconding the resolution, and in doing so I wish to express the tribute of the shareholders to the officers of the Bank for their very arduous work during the past few years. The General Manager has informed us that the Board has dealt generously with the staff in reference to salaries, and we can only assure the officers that the shareholders appreciate their very hard work in carrying out their duties under the trying circumstances of the past year.

Sir John Aird: Mr. Chairman, I wish to thank the shareholders briefly and sincerely for this motion. I do so briefly, because I wish to ask the Assistant General Manager, Mr. Jones, Mr. Patterson, our Superintendent in the Eastern Townships, and Mr. Hogg, of Vancouver, also to speak. I wish also to take this opportunity to implement the statement made to the shareholders by my predecessor in January, 1914. Mr. Laird at that time expressed the hope that when the rest of the Bank was equal to the capital we should be able to increase the dividend. I have pleasure in saying that at the end of this quarter the dividend will be at the rate of 12 per cent. per annum or 3 per cent. quarterly. I do not make this statement merely because of what Mr. Laird said in 1914, but because I know the earnings of the Bank justify it.

Mr. Jones: I have much pleasure in associating myself with the General Manager in thanking you on behalf of the executive, the Head Office staff and the managers and officers of the Bank, for the vote of thanks which you have been good enough to confirm. As you are aware, this resolution is one which has always been deeply appreciated by the officials of the Bank, as it is the one occasion on which the shareholders have an opportunity of expressing

their confidence in, and their thanks to, those entrusted with the administration of the Bank. This occasion also affords the executive an opportunity to express publicly their high appreciation of the ability and loyalty of the staff. The year 1918 was probably one of the most trying in the history of the Bank, particularly so far as the staff is concerned. The operation of the Military Service Act in the early part of the year depleted our numbers and later on the influenza epidemic affected nearly every branch of the Bank. This unfortunately occurred at a time when the utmost efforts of the staff were required to cope with the enormous amount of detail involved in handling the Victory Loan. It was only the devotion to duty on the part of all the members of the staff that enabled the Bank to accomplish so much in this direction, and the figures which have been announced indicate our share in this public service. The success of a bank depends almost wholly upon the character and loyalty of its staff, and in this connection I can assure the shareholders that The Canadian Bank of Commerce possesses a staff which is second to none and in which the *esprit de corps* is so prominent that it is the frequent subject of comment by the public. The growth of the staff during the past four years is of interest. When war broke out it numbered 3,212, of which 380 were women; on 30th November last it consisted of 3,457, of which 1,446 were women. In the interim 1,704 men resigned to enlist in the services and 1,221 for other reasons, many of whom joined the colours; in fact, we estimate that fully 2,200 Canadian Bank of Commerce men took their part in the fight which we are thankful has just been finished. You have heard how they suffered and we take pride in their record of achievement. Now that peace is assured, many of our men wish to return, and daily applications are being received for reinstatement, and to all of them we extend a welcome and will give them full consideration. Again I wish to thank you

on behalf of myself, and the other officers of the Bank, for your vote of thanks.

Mr. Patterson: I am very glad of this opportunity to thank you on behalf of the Eastern Townships Division for this resolution. The staff of the Bank of Commerce look forward to this public appreciation of their services, knowing that it is a sincere expression of opinion. There may be other institutions which are equally considerate of their employees, but I feel quite safe in saying that there are none more so than The Canadian Bank of Commerce.

Those who are behind the scenes know that there are scores of instances in which kind thoughtfulness has been shown in individual cases, which is most unusual in a "soulless" corporation. This policy on the part of the Bank has gone far towards fostering and promoting that loyalty and *esprit de corps* which mark our staff, and which, I think, form one of the most valuable assets of the Bank. We are all proud of belonging to the institution.

Mr. Hogg: It gives me great pleasure to thank you on behalf of the staff. I should like to mention one or two instances to show how they have deserved this resolution. During the influenza epidemic the Vancouver office had as many as thirty men away at one time, and that when the War Loan work was being carried on, which made it very difficult for those who were left. I recently visited a country branch from which we had had to remove the accountant some time before; the manager was left with three juniors and two girls, and as a result he had to work fifteen hours a day.

The thought has crossed my mind as to whether the shareholders back up the managers as much as they might. I do not know whether that is a proper thing to speak of here.

You may perhaps wonder what has led to the intense loyalty of the staff. I should like to say that it is due to the consideration that has always been shown by our

beloved President and carried on admirably by the other executive officers. I have often heard that the President has been just as ready and willing to see and speak to a junior as to one of the most important customers of the Bank. That is a great thing to be said of a man in his position.

Mr. Lash: To carry out the intention expressed by the President in reference to the number of members of the Board and other matters, I beg to move, seconded by Mr. Foster, the adoption of the following by-law:

BY-LAW NUMBER 17

The Shareholders of The Canadian Bank of Commerce in Annual Meeting assembled on the 14th January, 1919, hereby enact as follows:

1. By-law Number 1 of the existing By-laws of The Canadian Bank of Commerce is hereby amended by inserting before the first word thereof the words "Until the number is increased in accordance with the proviso herein contained," and by striking out the word "nineteen" in the second line thereof and inserting in lieu thereof the words "twenty-two," and by adding to said By-law the following proviso:

"Provided that from time to time, upon a resolution of
"the Board of Directors being passed, declaring that this
"proviso shall take effect to the extent of so many
"additional Directors as the resolution may specify,
"the number of the Board shall be and is hereby
"increased from time to time by the number so
"specified, but the total number specified in all such
"resolutions shall not exceed three.

"When the number of the Board is increased under
"this proviso, the vacancy thus created shall be filled
"until the next Annual Meeting in the manner provided
"in By-law Number IV."

2. By-law Number V of the existing By-laws is hereby amended by adding thereto the following:

“For the fiscal year commencing on the 30th day of
“November, 1918, and for each fiscal year thereafter
“the Board may provide for payment to the President,
“the Vice-President and the standing Committee of
“the Board, of such remuneration for their services
“as such as the Board may from time to time deter-
“mine.”

3. By-law Number VIII is hereby amended by striking out the figures \$5,000 and inserting in lieu thereof the figures \$10,000.

Mr. Foster: Before I concur in the resolution of my learned friend, Mr. Lash, I want on behalf of the shareholders of this Bank in the eastern portion of Canada to express to the staff our appreciation of the great and wonderful success which has been disclosed to us in the report which you have laid before this meeting. It is not only because you have added to the financial strength of this Bank in which we have our money; it is not because you have been able to assure us of a continuance of that dividend to which we shareholders have looked forward for many years; it is that we feel that in the management of the great financial questions which have beset the people of this country, of this continent and of the Empire, the brains and the influence of the men and women of the Bank of Commerce have played an important part. I congratulate you, Mr. Chairman, and you, Mr. Lash, upon the fact that the splendid result which you have disclosed has happened in your jubilee year, and I join Mr. Bruce in expressing the hope that for many years to come you may continue to guide the destinies of this Bank with the same result which has followed your efforts in the past.

I do not want to appear to dictate to the management as to the manner in which they are to deal with the returned

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staff; I do not want to lay down any hard and fast rule by which you are to be guided in dealing with the men who are coming back; but some of us, all of us, have very definite ideas that every man who returns must be given every possible opportunity that he would have had if he had not left this Bank. I read in the reports of some banks that if conditions are right, if this is right and that is right, the staff returning will be given the first chance; but I tell you, we want every man that comes back from the front to be given, if possible, a better place than he had when he left to fight for you and for me and for the capital of this Bank. When you speak of that \$100,000 which is laid aside for the purpose of commemorating the men who have served, I suggest that there should be erected in every branch of this Bank a permanent list that will tell the names of the men that left that branch and went to Flanders to fight for me and my home. I want it there so that the customers of the Bank may know their names, and I want the children of those men when they go into the Bank to be able to see that their fathers' names are properly honoured by the officials of this Bank. The men who come back will write their names in the banking and national life of this country, but many will not come back, and I want to see their names also in every branch of the Bank of Commerce in this Dominion in order that when their children apply for employment, as I hope they will in the days to come, they may be able to point to that tablet and to show that it is not only because they are qualified, but because they are the sons of their fathers who fought for this Bank, and are therefore entitled to the first consideration.

The Chairman: The form of the memorial to be erected has not been settled even in a very general way, but I am quite sure that there will be a record in every office of the Bank of the men who left that particular office; it will be in bronze and will therefore be of a permanent character

I hope that there will be some very notable memorials of another kind, but I do not think it is wise to say anything further than that nothing will have such complete and thorough consideration as the kind of memorials which we shall erect, so that people for all time to come shall see what the spirit of a Bank like this meant to her sons when an hour of great danger came to the country.

Mr. Lash: The original by-laws passed by the shareholders of this Bank have been amended from time to time during past years until the amendments have become rather numerous. We have amended them again this year, and I now want to ask the shareholders to pass a resolution consolidating them. The motion was seconded by Mr. G. G. Foster and adopted.*

It was then moved by Mr. R. Stuart, seconded by Mr. H. C. Cox, that the meeting do now proceed to elect Directors for the coming year, and that for this purpose the ballot box be opened and remain open until three o'clock this day, the poll to be closed, however, whenever five minutes shall have elapsed without a vote being tendered; the result of the election to be reported by the scrutineers to the General Manager.

The meeting then adjourned.

The scrutineers subsequently announced the following gentlemen to be elected as Directors for the coming year: Sir Edmund Walker, C.V.O., LL.D., D.C.L., Z. A. Lash, K.C., LL.D., John Hoskin, K.C., LL.D., D.C.L., Sir Joseph Flavelle, Bart., A. Kingman, Hon. W. C. Edwards, E. R. Wood, Sir John Morison Gibson, K.C.M.G., K.C., LL.D., Robert Stuart, George F. Galt, A. C. Flumerfelt, Hon. George G. Foster, K.C., Charles Colby, M.A., Ph.D., George W. Allan, K.C., M.P., H. J. Fuller, F. P. Jones, H. C. Cox, Charles N. Candee, J. S. Mitchell, Thomas Findley, W. W. Hutchison and H. R. Silver.

At a meeting of the newly elected Board of Directors held subsequently, Sir Edmund Walker was re-elected President and Mr. Z. A. Lash Vice-President.

*The Consolidated By-Laws will be found on page 65.

CONSOLIDATED BY-LAWS
OF
THE CANADIAN BANK OF COMMERCE

AS ADOPTED BY THE SHAREHOLDERS AT THEIR ANNUAL
MEETING HELD ON THE 14TH DAY OF JANUARY, 1919

The shareholders of The Canadian Bank of Commerce in annual meeting assembled on the 14th day of January, 1919, hereby enact and declare as follows:

The following are the by-laws now in force heretofore passed and amended by the shareholders, including the amendments made at this meeting, and all other existing by-laws heretofore enacted by the shareholders are hereby repealed. Provided always that such repeal shall not affect any act done or any right existing, accruing, accrued or established.

I. Until the number is increased in accordance with the proviso herein contained, the Board of Directors of the Bank shall be twenty-two in number, of whom three shall constitute a quorum. The qualification of a Director shall be such as is provided by the Bank Act. In case a Director makes a general assignment for the benefit of creditors or his estate is placed in bankruptcy or liquidation under the provisions of any statute relating to bankruptcy or insolvency, such Director shall forthwith cease to be a member of the Board. Provided that from time to time upon a resolution of the Board of Directors being passed, declaring that this proviso shall take effect to the extent of so many additional Directors as the resolution may specify, the number of the Board shall be and is hereby increased from time to time by the number so specified, but the total number specified in all such resolutions shall not exceed three.

When the number of the Board is increased under this proviso, the vacancy thus created shall be filled until the next annual meeting in the manner provided in By-law No. IV.

II. The annual meeting of the shareholders shall be held on the second Tuesday in January in each year, for the election of directors and other business. If the day fixed for the annual meeting, or for any special general meeting of the shareholders, shall fall on a legal holiday, the meeting shall be held on the next following day not being a legal holiday.

III. In the event of failure to elect directors at any annual meeting, it shall be the duty of the directors holding office at the time when such failure of election shall take place, to call, as soon as practicable, a special general meeting of the shareholders to elect directors to serve during the remainder of the current year, and to do any other business that should have been done at the annual meeting.

IV. Subject to the provisions of By-law No. I, if a vacancy occur in the Board of Directors at any time, the remaining directors shall fill the same by election from among the qualified shareholders.

V. In each year any sum not exceeding thirty-five thousand dollars may be taken by the Board of Directors from the funds of the Bank as a remuneration for the services of the President, Vice-President and directors; and the directors may from time to time apportion the same among themselves in such manner as they shall think fit. For the fiscal year commencing on the 30th day of November, 1918, and for each fiscal year thereafter, the Board may provide for payment to the President, the Vice-President and the standing Committee of the Board, of such remuneration for their services as such as the Board may from time to time determine.

VI. No proxy or attorney of an absent shareholder shall be entitled to vote or otherwise act at any meeting of the

shareholders, in respect of his constituent's shares, until he shall have lodged in the Bank a duly executed and authenticated proxy or power of attorney from his constituent, in such form as the directors may prescribe.

VII. The directors shall be and are hereby authorized to establish and carry on a Guarantee Fund and a Pension Fund for the employees of the Bank, and to contribute thereto out of the funds of the Bank such sums as they may be authorized to set aside for that purpose by resolution of the shareholders, and to carry on such funds in such manner and subject to such rules and regulations as to the directors may seem fit. The directors for special reasons to be stated in their resolution may grant to any person in the employ of the Bank, in addition to or in substitution for any allowance under the rules and regulations of the Pension Fund, such retiring allowance as they may decide.

VIII. The directors may from time to time contribute to public, patriotic or charitable objects sums not exceeding \$10,000 in all in any one year.

IX. By-law passed on 9th January, 1912, and approved by the Treasury Board is as follows:

"That the capital stock of The Canadian Bank of Commerce be and the same is hereby increased from the sum of \$15,000,000 to the sum of \$25,000,000 by the addition thereto of 200,000 shares of \$50 each, equal to \$10,000,000.

NOTE.—By the Bank Act these shares have since been converted into shares of \$100 each.

REVIEW OF BUSINESS CONDITIONS DURING THE YEAR 1918.

NEWFOUNDLAND - - - - -	The St. John's Manager
THE MARITIME PROVINCES - - - -	The Halifax Manager
QUEBEC - - - - -	The Montreal Manager
ONTARIO - - - - -	{The Assistant General Manager
MANITOBA, SASKATCHEWAN AND ALBERTA - - - - -	{Superintendent of Cen- tral Western Branches
BRITISH COLUMBIA AND YUKON -	{The Superintendent of Pacific Coast Branches
THE UNITED STATES - - - - -	{The New York Agent and the Superinten- dent of Pacific Coast Branches
GREAT BRITAIN - - - - -	The London Manager

REVIEW OF BUSINESS CONDITIONS DURING THE YEAR 1918

NEWFOUNDLAND

The great reduction in exports of fish from Norway and Iceland (Newfoundland's principal rivals in the foreign fish-consuming markets), with the general shortage of foodstuffs arising from war conditions, caused a strong demand for Newfoundland fish in those countries which were already consumers of it, and also opened up markets which hitherto the Newfoundland article had not reached, except perhaps in small quantities. The considerable increase in the quantity of green fish which has been exported from this country to the United States is noticeable; France and England have also taken large shipments, but unfortunately the trade with England received a setback, owing to a very heavy increase in freight rates some months ago, since when shipments to England have dwindled almost to nothing. Very recently a steamer with refrigerating accommodation has taken a cargo of frozen fish to England, and the result of this experiment is awaited with interest. The strong demand, coupled with the advance in price of all foodstuffs, has resulted in very high prices for Newfoundland fish on all markets. The catch for the year 1917 was an unusually heavy one, that on the Labrador coast constituting a record; notwithstanding this, however, owing to the ready demand, stocks were cleared out by last August. During 1918, the fishery on the whole has been a poor one, particularly in the case of Labrador. It is difficult to obtain a correct estimate of the catch, but there can be no doubt that the total will be considerably smaller than that of the previous year, and indeed it is generally believed that it will be

below the average. The following table gives the exports of codfish for the fiscal years ending June, 1917, and June, 1918:

	1918		1917	
	Quintals	Value	Quintals	Value
Dried.....	1,821,206	\$18,829,560	1,568,020	\$12,876,847
Pickled.....	195,218	1,023,426	210,514	813,895
Total.....	2,016,424	\$19,852,986	1,778,534	\$13,690,742

The marketing of the fish last season gave cause for some anxiety. Early in the past year the Imperial authorities requested the Government of Newfoundland to prohibit the use of sailing vessels in the war zone, for the reason that they could not be adequately protected from submarine attacks and war risks, but as such a step would have crippled the marketing of the fish, owing to their inability to secure steam tonnage, the Newfoundland Government decided they could not agree to this. Thus it was possible to send cargoes forward to the Portuguese and Spanish markets as usual, but the Imperial authorities, while not absolutely prohibiting sailing vessels from proceeding further east than Spanish ports in the Mediterranean, warned the owners of vessels of the extreme risks such voyages would entail. Five or six schooners did actually take the risk, and two or three others were towed from Gibraltar to Italy, all but one arriving safely at an Italian port; the majority, however, transhipped their cargoes to steamers at Gibraltar. A representative was appointed to superintend the transshipment there, and to make arrangements for the securing of steamer space. Owing to the earlier shipments having been made in bulk, the fish had to be packed in bales and casks for shipment by steamer, and very great delay and much pilfering took place and the additional handling of the fish was in some cases detrimental to the quality. Later in the season, owing to this experience, shipments for Italy were made in casks only, with better results. Canada also placed an

embargo on sailing vessels registered in that Dominion entering the war zone, and this affected quite a number of vessels owned in Newfoundland. At the special request of the Newfoundland Government, this difficulty was removed by Canada agreeing to the transfer of the registry of such vessels to Newfoundland.

The shortage of steam tonnage caused by the war has to a large extent been met by the acquisition of sailing vessels, and the number of foreign-going vessels now owned by the trade is about 120 with a total of about 20,760 tons. Not only has the number of vessels owned in Newfoundland facilitated the marketing of her fish, but the high freights paid during the war have gone into local hands. The trade has been fortunate in chartering four steamers during the present season and these have taken large quantities of fish to Italy.

This report would hardly be complete without some comment on the general quality of Newfoundland fish. It is much to be regretted that the quality of some of the fish is not what it might and ought to be, particularly in the case of the soft cure. There are, no doubt, several factors contributing to this state of affairs; the fishermen, in many cases, stint in the salting, especially with the Labrador or soft cure; they are also inclined not to give the curing of the fish proper care and attention. The system of buying "talqual"—that is, parcels of fish in bulk with the various kinds and qualities mixed—which is much in vogue among the merchants, results in the fishermen not paying strict attention to the curing. There is also a tendency among shippers at the beginning of the season to hasten the first shipments of Labrador cure with the consequence that the fish is sometimes shipped insufficiently cured. There are times, of course, when weather conditions interfere seriously with the making of good fish. Last season some of the exporters suffered heavy losses through Labrador fish arriving at its destina-

tion in bad condition. Owing to the reduced competition from other sources during the last couple of years, the foreign markets have been willing to stretch a point and overlook some defects, but when supplies from Norway and Iceland are again available, the poor quality of the Newfoundland article will tell very much against it. It is generally conceded that some proper system of inspection should be put into force, as in Norway, and there is no doubt that, if it were instituted, it would be of the greatest benefit to Newfoundland.

With the increase in prices in the foreign markets, and the competition among the merchants to secure fish, the figures paid to the fishermen have advanced to the highest point on record, with the result that the fishermen to-day are fairly well-to-do. The following table gives the prices paid locally:

	1918	1917
	Per quintal	Per quintal
Shore fish.....	\$16.00	\$10.00
Labrador soft-cured.....	\$15.00	\$6.50—\$ 8.00
Labrador hard-cured.....	\$15.75—\$16.00	\$10.00—\$12.00

Now that hostilities have ceased, changed conditions must, no doubt, be looked for, and there can be little doubt that prices will fall sooner or later, in common with those of other foodstuffs. In the meantime, the considerably reduced rates for war insurance will offset any reduction in price.

The cod-fishery of Newfoundland is facing changed conditions. Fishermen are using motor boats for fishing to a greater extent, and the larger merchants in the outports are exporting more fish direct to foreign markets than hitherto, while some dealers in the United States, France, Italy, Spain, Portugal and Greece, have sent representatives to Newfoundland to purchase direct for their account. However, the greater part of the business is still handled by the merchants of St. John's.

It is to be regretted that the absence of cold storage facilities on the steamers plying between St. John's and

Halifax, New York or Liverpool, prevent the sending of frozen fish to these cities, particularly in view of the abundance of such fish as caplin, turbot, etc., in Newfoundland waters and the shortage of all kinds of food.

The Act passed by the Government in 1916 regulating the refining of cod-liver oil has had good results. Newfoundland oil is now appreciated in the foreign markets, and enquiries for it are coming from all parts of the world. In 1916 only 142,637 gallons were exported. The increase since then is remarkable, as is shown by the following figures:

	Quantity	Value
1917.....	214,162 gals.	\$417,629
1918.....	321,969 gals.	\$674,093

The price is to-day about \$2.50 to \$2.70 per gallon. Of common cod-oil, 7,350 tons, valued at \$1,768,724, were exported, and the price has risen from \$230 per ton to \$290 per ton of 236 Imperial gallons. Both these commodities will decline sharply now that hostilities have terminated.

A most gratifying improvement has taken place during the past year in the curing of herring, especially by the Scotch method. This was noticeable last fall and shows the wisdom of adopting stringent rules and providing penalties to enforce them, without which any attempts at improvement would be futile. To better packing is due in large measure, if not the present demand, certainly the unprecedentedly high prices which are being obtained this season, and we confidently look forward to great expansion in this branch of our fisheries. Exports of herring during the year ending June, 1918, were valued at \$2,075,202 as compared with \$1,142,212 the previous year. The winter herring season is just commencing at the time of writing, and no figures as to the catch are obtainable. The United States, Canada and the British West Indies are our principal customers for this commodity. The results of the seal fishery for the past year were not as satisfactory as those of the previous year for the reason that fewer vessels were

operating, but those which went out did well and prices were good. The catch was 151,431 seals valued at \$863,552, as against 196,228 seals valued at \$516,716 in 1917.

Prior to 1914 Newfoundland sent most of her lobsters to Germany, which consumed the larger portion, but re-sold a considerable quantity to Russia and South America. Little or no business has been done by Newfoundland direct with these markets, though during the year some hundreds of cases have been sold to New York merchants, who have shipped them to Europe, probably to Russia. Owing to the better profits received from the cod-fishery, this season has seen the fishermen diverting the greater part of their energies to the main industry of the Island, and this will have a good effect upon the results of the lobster-fishing in the coming season. The following are the figures of the exports of lobsters in the last two fiscal years:

1918		1917	
Cases	Value	Cases	Value
8,279	\$170,737	6,505	\$107,503

The trade in flour and all foodstuffs has been very active during the year. There has been a continued expansion in all business at St. John's, accompanied by general prosperity, and a complete absence of business failures. Prices of merchandise of all kinds have increased considerably and once more the hardships incidental to a rise in prices have fallen upon those with fixed incomes. There is a continued tendency to overtrade and credit is too freely extended. The exports for the fiscal year ending 30th June last showed an increase of \$7,321,755 over the figures of the previous year. The principal items are given below:

	1918	1917
Products of the Fisheries.....	\$25,547,334	\$17,651,001
Products of Agriculture.....	16,704	11,951
Products of the Forest.....	320,609	686,157
Products of the Mine.....	972,203	1,256,242
Manufactures (local)	3,045,893	2,600,623
Miscellaneous.....	250,774	175,788
	<hr/>	<hr/>
	\$30,153,517	\$22,381,762

The figures of the import trade, taken from the Customs returns, follow:

	1918	1917	Increase
Imports.....	\$26,892,946	\$21,318,310	\$5,574,636
Customs Revenue.....	4,923,396	4,470,537	452,859

The revenue for the fiscal year 1916-17 was \$5,206,637. The figures for last year are not yet available, but it is expected that they will show a large increase. The net funded debt of the Colony in 1916-17 was \$34,489,765, and in 1917-18 \$41,989,765.

Newfoundland's first war loan of \$6,000,000 was floated during the year, and was over-subscribed by more than \$1,000,000, the rate of interest being 6½ per cent. Of this loan \$4,000,000 was subscribed abroad, principally in Canada, and the balance was placed in the Colony.

Large quantities of pit props, cut for the British market, are still held here, none having been exported last year owing to the lack of vessels to convey them to England where they are badly needed. The holders are endeavouring to divert them to other uses as far as possible in an effort to realize at least part of their investment. In consequence of this none were produced last year, and no more are likely to be cut until shipping space is available.

In the fiscal year 1916-17, 27,416 tons of pulpwood, valued at \$351,072, were exported as against 14,153 tons, valued at \$404,449, last year. Exports of paper during the fiscal year 1916-17 were 33,389 tons, valued at \$1,510,440, and during 1917-18, 34,060 tons, valued at \$2,302,243.

Shipbuilding was actively carried on during the past year all along the coast, and a great deal of labour has been diverted to this industry. The capacity and resourcefulness of our people in adapting themselves to new trades and pursuits is well exemplified in this industry, and never were their energies and enterprise more beneficially and effectively displayed. A number of fine ships, of 100 to 400 tons

burden, have been completed and some of them are already under charter. More than twenty ships are now in course of construction and will be put into service during the year.

THE MARITIME PROVINCES

Business reports from all sections of the Maritime Provinces are of a generally cheerful nature. Agriculture far exceeds in importance all other industries combined, and it may be taken as a satisfactory condition of affairs when the farmers prosper. There were doubtless some people who derived unmixed material advantage from the war, but those who put the farmers in that class have very little understanding of the many burdens which the occasion of their seeming prosperity has placed upon the farmers' shoulders. There is nothing spectacular about their work, yet it is the bulwark of our national effort, and the most vital appeals of the war have had to be made to the tillers of the soil. It is, therefore, a fitting time to acknowledge the success of their patriotic efforts during the war, and notably in the last two years, during which, in spite of a steady drain of men for military service, agricultural production showed a substantial increase. In 1918, in the Maritime Provinces, this amounted to not less than 25 per cent., and, moreover, the principal gain in each of the three provinces was in cereal crops, the production of which is least suited to local conditions, but was patriotically undertaken to meet the war emergency. In the coming year, when "building back to peace" will be the main business of Canada, we are confident that the farmers of the Maritime Provinces will not fail to do their part.

The beautiful and fertile island province, always prosperous, has seldom in all its history been blessed with such uniform plenty. There is not at present the usual good demand for its horses, nor was the yield or quality

of the potato crop altogether up to that of previous years; on the other hand, the abundant stocks of dairy products, meats, fish, and oats, have found a ready market at profitable prices. Fox ranching is now on a strictly business basis. The improvements in farming methods referred to in our reports of other years are being continued and extended, and, in general, the administration of the affairs of the province is competent and up-to-date. It is hoped that the Government will soon make an earnest effort to restore the oyster beds, which have in the past made the province justly famous.

Progress appears to be the watchword in New Brunswick. The Department of Agriculture has the wholehearted support of the Government, and is giving the farmers of the province inspiring leadership. This is evidenced by a general increase in production, the amount of land cultivated in 1918 being 125,000 acres more than in 1917. Of this increase 33,000 acres were planted in oats, 34,000 acres (or 200 per cent. increase) in wheat, and 13,000 acres in turnips and potatoes. The potato crop is estimated at 8,650,000 bushels, somewhat below the average, but 50 per cent. more than in 1917. The yield of hay was good and that of oats and wheat excellent, but of only fair quality owing to the bad weather which prevailed during harvesting. Reference was made in our report last year to the effort being made under Government auspices to improve the quality and increase the number of live stock. This policy has been continued, with specially good success in the case of sheep.

It was estimated that during 1918 there would be an increase in general agricultural production in the Province of Nova Scotia of 25 per cent. as compared with the crop of 1917. The actual increase has been well up to this estimate, except in the case of hay and apples, of which the yield was small but of good quality. The efforts

of recent years to foster dairying and the live stock industry have been continued, but there is some fear that the anticipated shortage of hay, and the high cost of mill feed, will lead farmers to sell or kill a number of their young cattle. Horses at present do not bring profitable prices, but after the war the market is expected to improve. As in New Brunswick, more attention is being given to the raising of sheep, with satisfactory results. The telephone and rural mail delivery are now common conveniences, and the advanced highway policy of the Government will also add much to the comfort and attractiveness of country life.

Lumbering ranks next to agriculture among the basic industries of New Brunswick and Nova Scotia, but it is at present confronted by unprecedented and difficult conditions. The market has not been normal since 1914, but the problems of each season have been solved as they arose. The purchases of the Allied Governments were quite a factor in the market until the early part of 1917, when buying for their account ceased on account of the shortage in available shipping. This left the outlook for spruce deals, of which at least 125,000,000 feet were unsold, very blue indeed; but shortly afterwards the United States entered the war, and adopted an immense military and shipbuilding programme which called for large quantities of lumber, and thus absorbed much of the surplus stocks in our yards. The lack of ships did not prevent this, as it was quicker and more economical to ship direct by rail. This demand continued until the middle of September, 1918.

In addition to the unusual demand from the United States, shipbuilding in Nova Scotia and the work of reconstruction in Halifax absorbed very large quantities of spruce and hemlock. As a result, notwithstanding the comparatively trifling quantity shipped to the English market, we estimate that not more than 150,000,000 feet

remain unsold of the approximate total cut of 375,000,000 feet during 1918 in New Brunswick and Nova Scotia. Proportionately, the unsold stocks in Nova Scotia are much smaller than those in New Brunswick. The margin of profit on sales in both provinces, in spite of the high cost of manufacture, has been the largest in many years.

The knowledge that the war has come to a close does not make it any easier to foretell either the course of prices or where the market for our lumber will be found in 1919. It is estimated that the Allied Governments have at the present time 300,000,000 feet of lumber stored in Canada. It is reasonable to expect that they will move the larger part of this before coming into the markets with fresh orders. Undoubtedly there will be need of immense quantities of Nova Scotia lumber, and it will not take them long to use up their reserves on this side. There is no evidence of any considerable surplus in the Baltic countries, and the demand for Canadian wood from the Allied countries should therefore be active for some years to come. The United States market will probably revert to the conditions existing before the war, and will be of secondary importance; but if suitable tonnage is available, South America and the West Indies will be large buyers.

The position of the fishing industry is much easier to forecast. Apart from shipments to England for army purposes, there was always an excellent market somewhere for the products of this industry. Our exporters have not handled the usual quantity of dried fish because of increased purchases of green fish by United States dealers. Although prices reached record figures, the absence of the usual Norwegian shipments caused the demand in Cuba and the West Indies to continue very strong throughout the year, and the net profits were very good. The catch of cod and scale fish, both on the Banks and off shore, was normal, but that of herring, mackerel

and alewives was below the average, and unequal to the demand throughout the season. The fishermen's strenuous labours were rewarded by continuous high prices, which are expected to continue during 1919. For various reasons the catch of lobsters fell below that of previous years, but the net result proved very satisfactory. On the other hand, it is regrettable that, owing to the lack of fish, the sardine canneries of the Bay of Fundy did not share in the prevailing prosperity. The general outlook for the North Atlantic fisheries is full of promise, and when war restrictions are removed and beam trawlers and modern methods have come into more common use, their present annual value of about \$25,000,000 should increase by leaps and bounds.

A measure of disappointment with the production of the collieries is perhaps natural under the circumstances, but is not justified when the difficulties of the labour situation are taken into consideration. The return of the miners who enlisted will completely alter the situation, but there can be no increase in output until that takes place. The production of coal for 1918 will be about 5,300,000 tons, all of which has been used in these provinces, and for the requirements of shipping. There are twenty-two companies mining coal, but eight of these account for nine-tenths of the production. In Nova Scotia new shafts have been sunk during the year at Springhill, Stellarton and Thorburn, and further development work has been carried on in New Brunswick. The collieries have been kept in good condition.

The activity in most lines of manufacturing due to the war continued throughout the year, and orders from the Dominion Government, either direct or guaranteed, will enable the two large steel companies to make the transition to a peace footing without serious interruption. Operations are now under way at Sydney for the installa-

tion of a mill which, when completed early next summer, will be able to roll sufficient plates to meet the requirements of all the Canadian shipyards. This is an enterprise of such great national importance that it should receive the widest notice. The optimism regarding the outlook for shipbuilding expressed in our last report has been fully realized. In Nova Scotia, in so far as the building of wooden ships is concerned, 1918 will equal the best year in the history of the industry. Ship carpenters, who for years had followed other callings, came back to the old work, and no less than one hundred vessels, aggregating 65,000 tons dead-weight, were completed in sixty different yards. This fleet was valued at \$7,000,000 and netted the builders good profits. There is a perceptible decrease in the number of vessels at present on the stocks, but values remain comparatively firm, and it is probable that in order to fill Canadian requirements there will be a call for vessels of 300 tons and over for some years. The time has probably arrived when the Government should remove the restrictions on the building of ships for foreign register, as the inquiry for vessels for this purpose is very keen at the present time. Under the national shipbuilding policy inaugurated with much courage and business foresight by the present Minister of the Naval Service, a strong company, called the Halifax Shipyards Limited, has been organized and is now almost ready to lay the first keel in Halifax. The yard will contain four berths and the company is reported to have orders from the Government for four vessels of a total of about 40,000 tons dead-weight. Important developments are taking place in St. John along the same lines, and will progress side by side with other extensive public works at that port. In the pioneer yards of the Nova Scotia Steel and Coal Company, Ltd., at New Glasgow, it is said that work is also to begin on the first of two more steel ships to be turned out there.

A fair amount of building has been done during the year, and in Halifax, where reconstruction work following the disaster of December 6th, 1917, is now well under way, building permits have reached \$4,000,000. In that city, the generous public grants which were made for purposes of restoration are being expended under the direction of a Royal Commission. The residential portion of the destroyed area is being redeveloped on modern town-planning principles, which, when the scheme is completed, will present a very attractive appearance.

The shipping and trade activities at the ports of St. John, Sydney and Halifax reached large proportions, but as these were mainly under governmental direction and for war purposes, the recording of statistics in this report would serve no useful purpose. The course of normal business, however, is fairly well reflected in the clearing house returns, and these for the twelve months ending 31st October, inclusive of an estimate for Prince Edward Island, were about \$300,000,000, or nearly double what they were in 1914. Labour of all kinds has enjoyed a period of very high wages, but in the main these were not out of proportion to the increase in the cost of living. Mercantile trade had become pretty well stabilized after the wide movements in prices during the earlier years of the war, and in almost all lines profits were larger and more uniform than in 1917. This was shown by the prompt payment of accounts and an almost entire absence of commercial failures. The loan and mortgage companies report that they have no arrears on their books, and that the requirements of borrowers on mortgage are decreasing. This has released funds for investment in war loans. The life insurance companies have written more insurance than at any previous period, and the fire insurance companies have, on the whole, experienced only moderate losses.

QUEBEC

Notwithstanding the anxiety that was caused at times by unfavourable weather conditions, the yield and value of farm products in the Province of Quebec during the year have been on the whole fairly satisfactory. At the beginning of June vegetation was more than usually advanced, but in almost all districts the continued cool weather and the too frequent rains greatly retarded growth. The condition of the crop improved with the dry weather at the beginning of July and the warm rain in the latter part of the month. In August the weather was favourable for grain and roots, but heavy rains and the shortage of labour were the cause of great concern to farmers during the harvesting season.

The following figures supplied by the Provincial Bureau of Statistics show a substantial increase under most headings:

	1918			1917		
	Acres	Bushels	Per Acre	Acres	Bushels	Per Acre
Wheat....	365,670	6,764,800	18.50	277,409	3,953,078	14.25
Oats.....	1,932,720	56,732,100	29.25	1,492,709	33,959,129	22.75
Barley....	189,200	4,635,400	24.50	165,597	3,311,940	20.
Flax.....	7,357	77,200	10.50	5,726	68,712	12.
Rye.....	29,060	544,900	18.75	22,454	443,466	19.75
Peas.....	107,386	1,771,800	16.50	66,457	897,169	13.50
Mixed						
Grains..	194,288	5,294,200	27.25	122,819	3,070,475	25.
Beans....	109,800	2,003,900	18.25	55,157	841,144	15.25
Buckwheat	227,018	4,597,100	21.25	163,577	2,821,703	17.25
Corn for						
husking..	54,690	1,802,700	23.25	143,369	3,297,487	23.

The crop of hay, while not equal to that of 1917, was up to the average. The results varied widely in different sections, but on the whole the crop was harvested under favourable conditions, the quality being better than a year ago. High prices were obtained, and the demand from American markets helped the farmers to dispose of the large surplus carried over from the previous year. The

value of the hay and clover crop for 1918 is estimated at \$107,098,400, as compared with \$48,523,000 in 1917.

Although complaints as to the scarcity of farm labour have been general, reports indicate a larger acreage under cultivation in wheat, barley, oats, and other grains, and this is confirmed by the foregoing estimates. The yield of oats and barley considerably exceeded that of 1917, and while wheat has not been extensively grown in the past, its production has been stimulated during the last few years by the prevailing high prices. Root crops were generally satisfactory, and the yield of potatoes was the largest in many years. The crop of potatoes is estimated at 38,936,000 bushels from 264,871 acres, and is valued at 98 cents per bushel, or a total of \$38,157,300.

The acreage of tobacco planted was considerably larger than in 1917, the high price having induced the farmers to go in more extensively than ever for this crop. The harvest was excellent and the leaf was saved in first class condition with very little damage from frost. The crop is said to be the largest ever grown in the province. Prices ruled as high as 45 to 50 cents per pound at the close of 1917, but indications are that prices for the new crop will be lower, owing to the increase in production.

The apple crop was fairly satisfactory and prices were high. Small fruits, such as strawberries, raspberries, blueberries, etc., were plentiful and brought average prices. As an industry, however, fruit culture in the province is a negligible factor.

In view of the great shortage of commercial sugars throughout Canada and the United States, all Provincial and State Food Boards have advocated that every effort should be made to increase the production of maple syrup and maple sugar. Owing to the high prices paid during the spring of 1917 and the prospect of still higher prices for 1918, producers tapped every maple tree possible. The weather conditions were favourable and the crop was larger than

that of the previous season. The range of prices in 1917 was from 11 to 16 cents per pound, an average of $13\frac{1}{2}$ cents, and in 1918 from 18 to 26 cents, an average of 22 cents per pound. The output of maple products in the province for the year is estimated at 10,173,622 pounds of sugar and 1,928,201 gallons of syrup. If the syrup had been converted into sugar the yield would have been 29,455,632 pounds of sugar, which, at the average price of the season, 22 cents per pound, would make the total value \$6,480,239. At present the demand for maple products is greatly in excess of the supply.

Dairying was carried on under favourable conditions and the results were even more satisfactory than in 1917. Pasturage was generally good and the production of milk was in excess of that of previous years. The prices prevailing throughout the year for butter and cheese, and also for milk and cream shipped to Montreal, have been the highest on record. Large quantities of milk and cream have also been shipped to the United States, and even higher prices have been paid there than could be obtained in Canada. The opening price for butter was the same as that of the previous year, viz., 42 cents per pound at the factories; it advanced to 43 cents in June, and to $46\frac{1}{2}$ cents in September, and ended the season in the country at from 48 to 50 cents. It seems probable that there will be a scarcity of butter in all Canadian cities this winter, owing to the large quantity of milk and cream shipped to the United States or used for condensing, and to the heavy shipments of butter to Great Britain on account of the Government. The cheese factories have had a prosperous year. The opening price fixed by the cheese commission was 23 cents, delivered in Montreal, which was advanced to 25 cents on 1st October.

Conditions in the cattle trade have been very similar to those of 1917. High prices have prevailed and there has been a ready market for all stock offered. Early

in the year it was apparent that unless the Allies concentrated their buying, prices would advance continuously. This brought about the establishment of a branch of the British Ministry of Food, through which all foodstuffs were purchased, no produce being allowed to go forward on consignment. The market was thus more or less stabilized and prices controlled.

The Government of the province has been carrying on an active campaign for increased production of live stock, and this seems to have met with good results. The official figures issued by the Bureau of Statistics show the following increases in 1918 as compared with 1917:

	1918	1917
Milch Cows.....	1,163,865	911,023
Other Cattle.....	1,245,819	958,010
Sheep.....	959,070	849,148
Swine.....	997,255	712,087
Horses.....	496,811	379,276

Cattle have done well owing to the abundance of grass during the summer, and the high prices obtained for all kinds of stock have made this branch of farming very profitable. While the number of beef cattle raised is still comparatively small, there is a slow but steady improvement in the quality of those offered for sale. In some districts the opinion appears to be growing that beef cattle are as profitable as dairy cattle, and whereas a number of years ago the farmers all sold their beef herds and went into dairying, there is now an inclination to raise at least a few beef cattle. The continued high price of butter and cheese has made it profitable to raise young stock, and the figures as shown in the Government report are considered accurate. Beef cattle have reached record prices, as high as 17 cents per pound being paid on the Montreal market, and for the whole of 1918 prices have been on a higher level than in 1917. The deliveries at the two markets in Montreal for

the first ten months of 1918 were 91,735, as compared with 92,596 for the same period in 1917.

The quality of hogs raised in the province is improving. The steady campaign carried on by both the Federal and Provincial Governments is showing results, and although there is still room for much improvement the farmers are now working along right lines. The figures given above show a remarkable increase for the year and it is to be hoped that they are accurate. The highest price paid during 1918 was $22\frac{1}{2}$ cents per pound, and the average was 20 cents; at the time of writing prices are on almost the same level as at the corresponding period in the previous year. As already indicated the price is under the control of the Government, but it would seem likely that in view of the continued requirements of Europe the price of hogs will be maintained during 1919. Great care should be exercised in dealing with the situation, as when hogs sell on a lower basis than feed, farmers immediately sell their breeding stock. Deliveries at the two markets in Montreal during the first ten months of the year were 114,648, as compared with 120,086 in 1917, but these figures do not include consignments direct to packers' railway sidings.

Sheep and lambs sold last autumn at about the same price as in the previous year, namely, $13\frac{1}{2}$ to $15\frac{1}{2}$ cents. The restrictions of the Food Board on the consumption of beef and pork have created a greater demand for mutton and lamb. This, combined with the high price of wool, has kept the market steady, and there seems to be every indication that the raising of sheep and lambs will continue to be profitable.

The market for horses has been very inactive, the demand for the lighter breeds having fallen off owing to the greater use of automobiles in the country districts. The farmers are, however, turning their attention to raising heavy draught horses, and the breed is being considerably improved.

The year 1918 has been one of the best in the history of asbestos mining in the province, owing to an active and continuous demand for all grades of fibre, which absorbed the entire output of the mines at very satisfactory prices, slightly above the high prices of 1917. Scarcity of labour and unfavourable weather conditions during a considerable portion of the year retarded production to a certain extent, but on the whole 1918 has been a record year for asbestos production in Canada, both as to quantity and value. Owing to the curtailment by the United States Government of all non-essential building operations until after complete demobilization of the army, there may be considerable slackening in the demand for lower grades of fibre, especially shingle and paper stock. On the other hand the shipbuilding programme of all maritime nations is very ambitious and extensive, which will ensure an active demand for the better grades of asbestos for some years to come. Germany and Austria-Hungary were large consumers of asbestos prior to the war, but must to-day be absolutely denuded of the raw material. Neutral countries, such as Holland, Norway, Sweden and Denmark will shortly become buyers. Belgium was a large consumer before the war, and if she can get back the machinery taken from her by Germany, is likely to become so again. Switzerland also is in the market, now that peace has come, and it must not be overlooked that a very large and important trade in asbestos has developed with Japan since the war started. The main difficulty in sight is the question of transportation. The production of asbestos in the Province of Quebec for 1917 was 137,242 tons valued at \$7,198,558; the figures for 1918 are not yet available. Nearly all the companies have contracted for their output during 1919 at very satisfactory prices, which assures prosperity for this industry for a year to come.

The urgent call of the Dominion Government to increase the output of the chrome mines, together with the insistent

demand for the mineral, principally from the United States, served to stimulate operators of chrome properties to great efforts. The quantity of chrome produced during the year will probably be about 40,000 tons, with an estimated value of \$550,000, as compared with 36,186 tons with a value of \$498,131 in 1917. As the pressing demand for chromite was due to the needs of the war, the future of the industry is uncertain. The shipments of sulphur and copper from the province for the year 1917 were valued at \$1,205,242, but no reliable estimate is as yet available as to the production for 1918. The output of molybdenite does not represent very much money, the total value of the production in 1917 being \$238,096, which will probably be exceeded by 30 per cent.

Lumbering operations in the woods last winter were greatly curtailed owing to the scarcity of skilled men, with the result that the output of logs was only about 75 per cent. of the cut of 1917. A large number of munition workers will now be released, and this may help to supply the necessary labour for lumber camps this winter. It is stated that the Canadian Lumbermen's Association is endeavouring to secure about 10,000 released soldiers and others for the lumber woods in eastern Canada. For the first seven or eight months of the year the lumber trade was quite active, prices ruling high and firm, but later on in the season the market became easier. Notwithstanding the fact that prices averaged higher than in preceding years, large quantities of spruce and pine were disposed of in the United States markets, while overseas shipments of deals and heavy timber exceeded those of late years, although they did not equal sales before the war. Local trade has fallen off, and the cessation of the manufacture of shell boxes will mean a serious loss of business to some mills. Owing to the changed conditions due to the end of the war, the lumber trade, in common with many other industries, is marking time. There is every indication, however, that

the coming year will be marked by a large increase in the demand for all forest products.

British and Canadian timber experts express the opinion that for several years after the war Britain, France and Belgium will have to import almost all their requirements of pit props, railway sleepers and heavy timber and deals. The home supplies will be almost exhausted and these countries must look to northern Europe or to Canada for ordinary requirements, as well as for construction work in the devastated areas. If proper and energetic effort is made Quebec and New Brunswick should be able to capture a large share of this trade, and the sailing ships now under construction in Canada will solve the transportation problem.

Pulp and paper production continues a leading industry of the Province of Quebec. The forty-one concerns engaged therein report, for the most part, uninterrupted operation throughout the year, and an output somewhat greater than the normal, despite temporary difficulties occasioned by insufficient transportation facilities and the scarcity of labour. In 1917 Quebec produced 393,153 tons of paper and 353,470 tons of pulp, having a selling value of \$27,648,373 for the paper and \$14,290,560 for the pulp, a total of \$41,938,933. The returns for 1918 will see some increase in the quantity and a considerable increase in the selling price, the total value probably approximating \$50,000,000. Inability to secure ocean tonnage continues to constitute a serious handicap to the growth of exports overseas, but despite this embarrassment and in the expectation of its early removal, the manufacturers are taking means to extend their foreign markets, particularly in Australia, New Zealand and South America. No new plants have been established during the year, but new machinery is now being installed in one of the mills which will give it an added capacity of 50 tons a day. Several important projects for further expansion in the

near future are under consideration. During the year the various companies leasing pulpwood lands from the Crown have voluntarily submitted to increased ground rents and cutting dues, thereby enabling the provincial Government to recover a considerable part of the revenue lost by reduced excise returns.

According to a recent report of the Department of Lands and Forests dealing with the hydro-electric power situation, 832,274 horsepower has been already developed from the water powers of the province. The three largest developments are as follows: at Shawinigan 216,500 h.p., at Cedar Rapids 129,000 h.p. and at Grand Mere 120,000 h.p. It is estimated that, excluding the northern parts, there are in the province undeveloped water powers capable of producing 6,000,000 h.p. at low water.

The extensive shipbuilding programme of the Government has given a great impetus to this important industry, and the shipyards in this province, as elsewhere in Canada, have been actively employed throughout the year. The output of Canadian Vickers Limited, Montreal, for 1918, included two steel cargo steamers of 7,400 tons dead-weight, chartered by the British Government, and four steel cargo steamers of 7,200 tons dead-weight, built on the order of the Imperial Munitions Board for the British Ministry of Shipping. These vessels were constructed throughout at the Vickers plant, both as regards hulls and engines, and were delivered during 1918. In addition to this work, two steel vessels, of 4,350 tons and 8,100 tons respectively, have been launched, and will be completed and put into service this year for the Canadian Government. All the deck machinery for these vessels was constructed at the company's plant; and thirty-one vessels, representing a gross tonnage of 115,631, were repaired on the company's floating dry dock during the season. The company has further contracts with the Canadian Government for five steel cargo steamers of 8,100 tons dead-weight each, and one

of 4,350 tons. These steamers will be delivered during the open season of 1919.

Other shipyards in the province have been engaged in building boats of smaller tonnage, both of wood and steel, but it has been found impossible to obtain complete information as to the work done during the year. It is learned, however, that of the standard wooden ships of approximately 3,000 tons displacement, ordered by the Imperial Munitions Board, four have been built at Montreal, six at Quebec and two at Three Rivers. Under contract with the Canadian Government, four steel boats of 1,750 tons each were launched this summer at Three Rivers, and four more of 5,100 tons each are to be built there. Orders have also been placed there by the French Commission for ten wooden vessels of 1,500 tons each, the keels of eight of these being already laid.

An event of great importance to the province was the formal opening of the Quebec bridge for passenger train service on 6th January last. The completion of this bridge places the city of Quebec in direct communication by rail with the south shore of the St. Lawrence and with the United States. Many railways on the south shore can now enter the city, and make use of its dock and shipping facilities to the best advantage.

While, as compared with the previous year, there was an increase in the number of vessels passing through the Lachine Canal during the season of navigation just closed, the quantity of grain and miscellaneous cargo carried showed a decrease, the total being 2,929,121 net tons as against 3,335,943 in 1917. Many of the large vessels formerly used on the lakes have been transferred to ocean service, and this accounts for the greater number of small vessels passing through the canal this year. The shortage of large freighters restricted the quantity of grain, coal, lumber and other materials, that would have been sent by water if shipping had been available. The total quantity

of grain carried was 10,313,623 bushels as compared with 19,350,352 bushels in 1917, or a decrease of 9,036,729 bushels.

During the season 6,102 inland vessels, having a total tonnage of 3,313,908, arrived at Montreal, as compared with 6,342 vessels having a tonnage of 3,233,076 in 1917. The number of ocean vessels arriving was 644, having a total tonnage of 1,910,621, as against 579 vessels last year, having a total tonnage of 1,984,233.

The following figures show the volume of exports of each kind of grain from Montreal:

	1918 Bushels	1917 Bushels	Increase Bushels
Wheat.....	22,081,804	34,824,814	*12,743,010
Oats.....	34,747,761	13,494,068	21,253,693
Barley.....	2,762,923	2,619,811	143,112
Corn.....	.....	1,797,114	*1,797,114
Rye.....	206,012	182,079	23,933
Peas.....	27,697	3,586	24,111
*Decrease.	59,826,197	52,921,472	6,904,725

The large increase in the exports of oats was due to shipments on Government account.

The exports of flour this season amounted to 7,419,283 sacks as compared with 5,873,934 sacks in 1917. Shipments of cheese amounted to 1,754,193 boxes as against 1,675,902 boxes last year. Shipments of lumber were restricted owing to the scarcity of vessel space; the total this season was 57,939,091 feet, board measure, which is a moderate increase over the low figures of 1917.

While there has been no marked change in real estate conditions during the year, the position has improved somewhat and holders are less willing to dispose of properties at low prices. Owing to the restriction of building operations in the last few years and the increase in urban population, residential accommodation is inadequate, and houses and apartments to let have become very scarce, a condition which is likely to result in a further advance in rents.

Notwithstanding the high cost of construction, a moderate amount of building has been done, especially in the suburban districts, mostly of small houses and tenements. There has been a ready market for good farms, and while agriculture continues to be as profitable as at present, this class of property should be in active demand at fair prices. On the whole the outlook for real estate is more encouraging than it has been for some years past.

The manufacturing industries have had another very prosperous year. The steel, textile, pulp and paper, and flour milling plants have all been working at capacity, and manufacturers generally have been doing well, notwithstanding the advancing cost of labour and materials which has now doubtless reached the apex. The extremely high level of prices for all merchandise, to which apparently the public has become accustomed, does not seem to have checked buying, and the volume of wholesale and retail trade during the year has been large. The signing of the armistice has been followed very promptly by the cancellation of both British and American munition contracts, of which the province enjoyed a full share; and the abrupt cessation of this work will upset many branches of industry and make it necessary for a large number of workers to seek other lines of employment. This may result in a period of more or less uncertainty and lessened activity in trade, but conditions are fundamentally sound and there is no lack of confidence regarding the outlook. It is not, however, unreasonable to suppose that the skill and adaptability shown by Canadians during the period of the war will be applied just as readily and effectively to the adjustment of business to the new conditions.

ONTARIO

Four years ago no one would have ventured to predict that so devastating a war could possibly have brought such

great prosperity to Ontario. In 1914 business generally was depressed as a result of the speculation and extravagance of the previous years, and a period of strain and stress was apparently in store for many. What a transformation has taken place in the interim! Production has been greatly stimulated, prices of commodities have steadily advanced, both old and newly established manufacturing and other industries have been working to capacity, employment at good wages has been found for everyone able and willing to work either in the field or factory, and great activity has been experienced in practically all grades of industry, with the result that prosperity is evident on every side and the accumulated wealth of the community has increased to substantial proportions. In fact the people of Ontario have so prospered during the past years of bitter strife, that their happy condition as contrasted with the devastated areas of our allies in Europe must bring home to them a deep sense of gratitude for the privilege of living in so protected an area, and of the obligation they are under to the men and women who have risked their lives and suffered in order that they might continue to enjoy the fruits of their labours in peace.

The closing year of the war has been no exception to those preceding it, as practically every branch of agricultural, commercial and industrial activity has shared in the benefits derived from increased production, high prices and the greater spending-power of the people. That this favourable position of affairs has been generally realized is evidenced, especially of late, by increased savings and heavy subscriptions to Victory Loan and War Savings Certificates, and so long as this continues no doubt need be felt as to the future prosperity of the province.

The basic industry of Ontario is still that of agriculture, and the welfare of the province is largely dependent on the success or failure of the efforts of the farming community. Our reports on this industry, based on information

received from our managers throughout the province, as well as on reports from the Ontario Bureau of Agriculture, indicate that with few exceptions much more than an average crop has been secured, and this at a time when prices are ruling at almost the highest on record.

The campaign for the greater production of foodstuffs met with a whole-hearted response, and this call, with the stimulus of higher prices, resulted in a considerable increase in the acreage under cultivation despite the adverse labour conditions. The winter was one of the severest on record, causing much damage to the winter crops. The spring was early but cold and wet; July and August were more seasonable, and the autumn, except in eastern Ontario, was mild and prolonged, and was thus most favourable to cultivation. Winter wheat did not fare well, a considerable acreage having to be resown, and as this was the second failure in two successive seasons, greater efforts were devoted to spring wheat with satisfactory results. This success, especially where the newer varieties of seed wheat, such as Marquis, were used, has tended to convince many farmers of the value of this crop. Record yields were secured from the three principal grain crops—oats, barley and spring wheat. The corn crop was the cause of considerable anxiety throughout the season owing to the many adverse conditions with which it had to contend. Seed was scarce, planting late, and the cool weather threatened to destroy the crop. More favourable conditions set in, however, and while the yield from the imported seed was disappointing, yet on the whole an average crop was saved. Our reports indicate that in certain districts more effort should be made to raise ensilage corn owing to its great value in connection with the feeding of stock. The growth of root crops was retarded by the hot spell in July and August, but a wet September brought the much-needed moisture, with good results. An important contribution to the supply of sugar was derived from the sugar

beet industry—some 22,000 acres were cultivated and the factories turned out over 50,000 tons of sugar this year. Potatoes have not done as well as last year, certain districts complaining of blight and rot, in consequence of which the return, while satisfactory, is not up to the average. Alsike and clover were profitable crops owing to the demand for seed; in fact, before the war the greater part of the supplies of grass and root seed were procured in Europe, and as these were gradually cut down it has been necessary to direct attention to the production of seed in Ontario. On the whole the field crops were gathered in excellent condition, and the following figures of the acreage and yield, supplied by the Ontario Department of Agriculture, show substantial increases:

	1918			1917		
	Acres	Bushels	Per Acre	Acres	Bushels	Per Acre
Fall Wheat..	362,616	7,054,845	19.5	585,946	13,384,207	22.8
Spring Wheat	351,423	8,186,191	23.3	182,957	3,679,516	20.1
Barley.....	660,454	24,247,673	36.7	551,298	18,387,741	33.4
Oats.....	2,924,468	131,752,601	45.1	2,763,355	111,232,817	40.3
Rye.....	112,726	1,812,909	16.1	133,077	2,222,325	16.7
Buckwheat..	223,662	4,597,990	20.6	153,457	2,992,391	19.5
Peas.....	113,862	2,381,937	20.9	90,322	1,512,567	16.7
Beans.....	100,082	1,387,834	13.9	110,680	1,078,510	9.7
Mxd Grains.	619,389	27,462,374	44.3	515,593	20,102,421	39.0
Potatoes....	166,203	19,375,947	116.6	146,481	18,291,735	124.9
Mangels....	40,714	18,244,453	443.	49,148	19,492,626	397.
Carrots....	32,838	12,751,087	388.	24,959	7,539,405	302.
Sugar Beets }						
Turnips....	85,449	42,190,382	494.	93,034	39,989,556	430.
Corn for husking...	195,310	13,015,072	66.6	258,935	11,513,512	44.5
Corn for silos (tons)	380,946	3,944,313	10.35	511,329	4,587,176	8.97
Hay, Clover, and Alfalfa (tons)...	3,614,046	4,925,830	1.36	3,547,688	6,619,296	1.87
Flax.....	15,925	196,221	12.3	7,372		

Owing to incomplete threshing returns, the total value of the crop cannot yet be estimated, but at current prices it should greatly exceed that of 1917, which was valued at over \$330,000,000 or more than double the figures of 1913.

It is estimated that the value of the more important field crops of the county of Essex alone was well over \$12,000,000. In this connection it is interesting to note the growing importance in that county of the tobacco crop, the acreage of which has steadily increased until this year over 4,500 acres were sown, resulting in a crop estimated at 5,000,000 pounds. As the price has advanced from 15 cents to about 40 cents per pound, the returns have been most satisfactory. The interest taken in the cultivation of flax for fibre and seed has been stimulated by the necessity of providing for the requirements of Great Britain in connection with the demand for linen for aeroplane coverings, and many carloads of seed as well as fibre have been shipped to Ireland.

The early fruit crops on the whole were disappointing, chiefly owing to adverse weather conditions, many young trees, especially peaches, having been destroyed by the severe winter. The apple crop was fair in the central and western district, but below the average in eastern Ontario. It is reported that more attention to spraying, pruning and cultivation would be well repaid. Unfortunately the lack of labour, coupled with the high cost of barrels, resulted in the products of many orchards going to waste. The evaporators have been active, handling apples and turnips, as well as other vegetables, large Government orders having been received for these. Tomatoes did well and an average crop was secured. Peas and beans were affected by the weather, but the canning factories as a whole were kept well employed.

The dairying industry is one of the most profitable in the province and is capable of very considerable extension, there being few districts in which it is not possible to carry more cattle. Labour has been one of the chief drawbacks to expansion in this direction, and it is to be hoped that with the return of our men from the front, employment will be found for many in this important industry. Pastures during the early part of the summer were excellent, particularly

so in the eastern section of the province, but the hot weather referred to checked the yield of milk somewhat. Conditions improved in the autumn months with the result that the returns have been up to the average with prices never better. In the county of Perth, for instance, it is estimated that the value of creamery butter and cheese produced this year amounted to \$1,700,000, and this figure does not include butter sold for local consumption, or milk and cream sent to towns and cities. The milk condenseries are competing to an increasing extent with the cheese factories, while the demand for milk from the cities and towns is constantly growing. The Dairy Department of the Ontario Government has furnished the following figures respecting the output of the creameries and condensed milk factories of Ontario:

Butter.....	\$10,906,000
Cheese.....	25,772,000
Condensed milk and milk products.....	6,097,000
Cheese and cream sold direct by the creameries and factories.....	6,945,000
	<hr/>
	\$49,720,000

In addition there has to be taken into consideration the milk and cream supplied to the cities, and the butter made by the farmers and sold direct to the stores throughout the province, making a total for the dairy products of the past season, according to the Government estimate, of \$70,000,000, the highest in the history of Ontario.

As forecasted in our report last year, there was an increasing demand for cattle during 1918 with the result that the price of beef was fully maintained, notwithstanding larger deliveries than in any previous year. The maximum paid was 24.06 cents per pound as compared with the maximum for 1917 of 17.96 cents per pound, a very considerable increase; in fact, prices were considerably higher all round than during 1917. Of late there has been a tendency, due to the fear that prices of stock may drop, to sell grain

rather than to feed it to stock, and in this connection a word of warning to farmers is not amiss at the present time. It is contended that the marketing of animals in an immature condition is poor policy, for while one or two years at the outside may suffice to replenish the grain reserves of the world, reserves in cattle cannot be built up in anything like this time, and for a considerable period the ruling prices of meat products, while probably lower than those of the last two or three years, must necessarily be on a higher scale than in pre-war times. Farmers would therefore receive greater returns from feeding grain and fodder to their animals from now on, thus increasing the weight of the latter, than they would from the sale of the grain and fodder.

The Provincial Department of Agriculture has supplied the following statistics as to the number of live stock and poultry on hand on June 15th last:

	1918	1917	1916
Horses.....	732,977	765,873	775,732
Milch Cows.....	1,102,039	1,069,338	1,045,029
Other Cattle.....	1,770,683	1,758,271	1,689,738
Sheep and Lambs...	972,341	956,986	908,066
Swine.....	1,656,386	1,664,639	1,735,254
Turkeys.....	376,609	439,215	557,929
Geese.....	412,214	389,659	408,046
Ducks.....	392,001	480,263	586,705
Other Fowls.....	11,090,281	12,297,155	12,825,164

The demand for the hogs and hog products of Canada has increased enormously in recent years, and the efforts to promote the raising of hogs in increased numbers have been attended with a fair degree of success, as is evidenced by the larger number marketed this fall as compared with 1916 and 1917. There has been a fair demand for horses throughout the present year, but it has been largely confined to heavier animals suitable for agricultural purposes, as the constantly increasing use of self-propelled pleasure vehicles has tended to lessen the demand for the lighter type of horse. It is satisfactory to observe that the number of sheep continues to increase, the price of wool having encouraged farmers to add to their flocks.

The farmers on the whole entered the winter under most favourable conditions, the open fall weather permitted them to work late on the land, and an unusually large acreage was turned, in some counties many farmers having summer-fallows ploughed for next year. Fall wheat is in excellent condition except on very low land. Given a reasonable winter, the plants, which are said to be well rooted, should do well, and with the price of wheat fixed until August 31st, 1919, at \$2.26 per bushel, the crop should prove a most abundant as well as profitable one. The use of labour-saving machinery by farmers is growing, and with a return to more normal conditions the demand for farm machinery should increase considerably.

It is fitting that some mention should be made of the success that has attended the efforts of the Organization of Resources Committee of Ontario in the direction of company farming and community gardening. Numerous farming companies were formed, and a very considerable acreage was devoted to the production of grain and vegetables with most satisfactory results on the whole. Community gardening was also successfully carried out, largely due to the assistance rendered by employers of labour to their staffs, and a substantial as well as beneficial addition to the foodstuffs of the country was thus secured.

The good roads movement has made some progress during the past year, although, owing to scarcity of labour, high prices of materials, and general financial conditions, work has not been pushed as rapidly as the conditions demand. All but one county have established, or are establishing, systems of county roads under the Provincial Highway Improvement Act, and plans have now been mapped out looking to the improvement of 9,200 miles of road, a substantial part of which is already under treatment. The road expenditures of the counties have steadily increased during the past three years and are now estimated at \$2,000,000 per annum, whereas those of the townships

have decreased for various reasons, largely questions of labour and finance, and in 1917 amounted to only \$1,615,790, as compared with over \$2,700,000 in 1913. The many advantages to be derived from improved roads are so apparent to the average individual that it is difficult to understand the willingness of the farming community to put up with inferior roads. Although the estimates are not yet available, it is satisfactory to learn that considerable construction will be undertaken during 1919. The provincial authorities now receive a very substantial revenue from motor car registrations, which have increased from 84,353 in 1917 to 109,400 in 1918, and this sum it is understood will be available for improved roads. As an instance of the advantages of good roads, it is interesting to note that the International Highway between Port Arthur and Duluth has been the means of bringing settlers into the country. The Toronto-Hamilton Highway is proving a signal success, judging from the number of vehicles using it, and improved transportation facilities are now being afforded to residents in its vicinity by motor truck services which act largely as a complement to the railways.

With regard to lumber in western Ontario, as indicated in our report last year, scarcity of labour, high wages, and increased cost of supplies greatly curtailed the cut of logs, with the result that prices have continued to advance, although the actual volume of trade has been less than that of a year ago. There has been little house building, and construction work has been confined chiefly to warehouses, manufacturing buildings and Government work. There has been a good export demand for lumber, but ocean space has not been available, while shipping to the United States has been hampered by the regulations of the War Industries Board. It is expected that operations in the woods during the coming winter will be further reduced, wages and supplies having advanced to such an extent that lumber operators do not feel justified in going into the bush

on a large scale. The stocks in the hands of dealers are normal, there being no speculation at the present high prices, buying being only sufficient to take care of current trade.

Lumbering has always been the main-stay of the Ottawa valley, and while logging has steadily gone further afield, the larger sawmills still have immense tracts of timber located along tributaries of the Ottawa river. Logging operations during the past year were affected by the conditions which prevailed in western Ontario and, in consequence, it is estimated that the cut has been very considerably reduced, not exceeding 350,000,000 feet as compared with an estimate of over 400,000,000 feet last year. The chief market for the output is in the United States, and the season opened well, but the demand was interfered with by embargoes and increased freight rates, which placed the Ottawa mills at a disadvantage with mills shipping to the Atlantic seaboard from the Middle Western States. The demand at home, however, has been well maintained, especially for the rougher classes of lumber, in addition to which the British market has contracted for deals as usual. It is hoped, now that peace is assured, that the bareness of the English market will give rise to a strong demand as soon as transportation permits. The coming winter's operations have already been seriously interfered with by influenza, but with a more plentiful supply of labour the cut will be larger, as supplies are low. The following figures of the shipments of lumber, lath and shingles, from the Ottawa Valley to the United States, indicate the growing importance of that market:

For the calendar year 1915.....	\$2,234,357
For the calendar year 1916.....	5,238,392
For the calendar year 1917.....	5,305,455
For 9 months of 1918.....	4,143,629

The references to the increased cost of logging apply equally to the supply of pulpwood, and some of the lessened

cut of lumber is due to certain operators taking out fewer logs and more pulpwood. In addition contracts are made with many small farmers, and at the increased prices for pulpwood it is estimated that \$3,500,000 is now distributed yearly by the operators in the territory directly tributary to Ottawa. All the pulp and paper mills have been working to capacity, and a new plant has recently been established at Port Arthur. The paper manufacturers have been obliged to face the steadily increasing cost of production throughout the year, while at the same time the price to Canadian newspapers has been fixed by the Government Paper Controller at a figure which has created considerable controversy. The bulk of the paper output, however, is exported to the United States, and in view of our adverse trade balance everything possible should be done to increase our sales in that market.

It is not out of place here to refer to the efforts being made to minimize the losses by fire in the province. That much remains to be done in this direction is recognized by many, as it is realized that in a large percentage of cases the fires are attributable to carelessness. The losses from 9,601 fires in Ontario, reported in 1917, amounted to \$10,365,539, of which only \$7,897,447 was covered by insurance, while during the first nine months of 1918 there were 7,659 fires, the loss aggregating \$9,703,973, of which \$7,665,615 was covered by insurance. The figures speak for themselves, and it is hoped that renewed efforts will be put forth to arrest this great and unnecessary waste of capital.

The mining industry of the province has been directly affected by the war probably more than any other; the demand for metals has been incessant, and with possibly the single exception of gold its influence has been to stimulate production. The value of the minerals produced in the province in 1917 (metallic and non-metallic) was estimated at \$71,060,942, greater by \$5,757,120 than the figures

of 1916; the bulk of this increase occurred in the non-metallic list, and consisted largely of arsenic, iron pyrites, natural gas and salt. In metallic minerals, silver shows the greatest advance in value, due to the increased price, despite a slightly smaller production. Complete information regarding the output in 1918 is not yet available, but the following information obtained from the Ontario Bureau of Mines, giving the output of certain minerals for the nine months ending 30th September compared with that of the same period in the previous year, gives evidence of a satisfactory increase in value, attributable chiefly to an increase in value of nickel in matte and pig iron:

Product	Quantity		Value	
	1918	1917	1918	1917
Gold, ounces.....			\$6,875,766	\$6,754,535
Silver, ounces.....	13,145,596	15,236,002	12,500,980	12,001,875
Cobalt, Metallic, lbs...	317,291	295,866	702,717	433,739
Copper, Metallic, lbs...	359,713	.....	79,137	.....
Nickel, Metallic, lbs...	582,992	166,921	214,507	67,499
Nickel Oxide, lbs.....	5,592	10,831	1,731	3,025
Cobalt Oxide, lbs.....	397,728	276,769	572,845	323,162
Other Cobalt and Nickel Compounds..	367,923	276,217	53,784	30,025
Molybdenite, lbs.....	43,631	65,827	54,671	83,550
Lead, pig, lbs.....	1,291,571	1,080,000	115,117	139,948
*Nickel in matte, tons.	33,508	31,064	20,105,087	15,532,000
*Copper in matte, tons	17,052	15,928	6,820,785	6,371,200
Copper ore, tons.....	16	2,658	318	33,419
Iron ore, tons.....	154,243	138,808	697,839	559,099
Pig iron, tons.....	541,564	513,232	14,728,461	9,841,438
			<hr/> \$63,523,745	\$52,174,514

*In 1917 nickel and copper in the form of matte were valued at 25 and 20 cents per pound respectively. For 1918 the values have been placed at 30 cents for nickel and 20 cents for copper.

Gold, our standard of value, has suffered owing to the advance in price of all commodities, and its output has been retarded by the increased cost of production. Only a few mines have been working, but it is hoped that with the release of men from munition plants the labour shortage will be relieved and production accelerated. The Porcupine district, which includes the Hollinger and

McIntyre mines, continues to be the largest producer, but new camps such as Boston Creek and Kirkland Lake are said to be in a position to produce.

A further decline has occurred in the output of silver, but the average price for the period, about 95.21 cents per fine ounce, as against 81.412 cents for the year 1917, has been the means of increasing the total value. If the output is maintained at its present volume, the value should be the largest in the history of Cobalt. Many of the mines are now treating slimes and tailing-dumps by oil flotation methods. Much depends on the future course of the price of silver, and authorities in a position to judge see no prospect of an early decline, owing to the depleted condition of the silver currency of the world, and the eastern demand caused by hoarding silver in the absence of gold. As a by-product cobalt has proved of value, there being a considerable quantity used in the manufacture of stellite.

The production of nickel shows an increase in volume, and a remarkable advance in price. Extensive developments have been carried on by the British American Nickel Corporation, which is also building a smelter. The operation of the new Port Colborne refinery of the International Nickel Company has proved its value, and may lead to other extensions. The output of copper, which is one of the important by-products of the nickel mines, has increased, but the mining of copper in the province, owing to high operating costs, increased freight rates and smelter charges, and lack of a custom smelter, has so far proved unprofitable. The tonnage of pig iron produced, of which, however, only a small proportion was from Ontario ores, was slightly in excess of the figures of 1917, but the value shows an increase of nearly 50 per cent. Eight furnaces were in operation, and steel worth \$21,601,144 was produced. Molybdenite shows a decrease, as it is one of the war metals and the demand has declined somewhat. The production of iron pyrites and fluorspar steadily increased, but they also will

feel the effect of the close of the war. The former is required in the manufacture of sulphuric acid, which is used in the manufacture of explosives. The latter enters into the smelting of steel for shells, and the normal price of \$7 per ton advanced at one time to \$30 per ton. Before leaving this subject, attention should be directed to the enormous possibilities that Northern Ontario holds for the Dominion. In this district three of the most important mining camps in the British Empire are in course of development; Sudbury, from which 85 per cent. of the world's nickel is already produced; Cobalt, possessing the greatest silver mine in the Empire; while Porcupine and the other proved gold bearing areas give promise that Northern Ontario will take its place as one of the great gold mining districts of the world.

Vessel owners on the Great Lakes have enjoyed a profitable season, freight rates having been maintained at a high level and the demand for tonnage having been continuous. Considerably less grain was transported than in 1917, owing to the movement of the crop having been seriously retarded by the operation of several adverse factors, but the quantity of iron ore and coal moved equals that of the previous season. The falling off in the tonnage and number of vessels passing through the Sault Ste. Marie canals is again attributable to the continued transfer of lake craft to the sea in response to the demand for ocean tonnage. During the year six ships of British registry aggregating 13,692 tons were withdrawn from lake service, while only one boat of 4,764 tons was added, making a net reduction of 8,928 tons. The effects of this transfer on Canadian lake tonnage of steel construction during the past four years is illustrated by the following figures:

Amount of tonnage in use prior to war.....	286,121 tons
Withdrawals during the years 1915-1916 for ocean service. .	141,711 tons
	<u>144,410 tons</u>
Add replacements during the same period.....	24,500 tons
	<u>168,910 tons</u>

Similar conditions have affected the American trade; 11 vessels aggregating 29,801 tons have been withdrawn during the year, making a total of 151,219 tons moved to the sea since 1916. The reduction in the number of lake vessels of American registry was practically offset by replacements, until the shipyards were commandeered by the United States Government in October, 1917, for the purpose of producing ocean tonnage. The lake shipbuilding yards in Canada were wholly employed during the year on the Imperial Munition Board's naval service programme, which includes the construction of 90 vessels aggregating over 328,000 tons, a large number of which are being built in these yards. It is estimated that over 50,000 tons were produced there in 1918. The figures of the tonnage passing through the American and Canadian canals at the Sault, from the opening of navigation to the 30th November, are set out below, and as already stated, there is a small reduction as compared with last year:

	30th Nov., 1918	30th Nov., 1917
Canadian Canal	Tons	Tons
Freight.....	12,760,779	15,216,631
Vessels.....	9,891,787	11,675,926
American Canal		
Freight.....	71,916,790	72,037,129
Vessels.....	50,604,265	52,048,547
Both Canals		
Freight.....	84,677,569	87,253,760
Vessels.....	60,496,052	63,724,473

The very marked decrease in the movement of grain through the terminal elevators at Port Arthur and Fort William, from the opening of navigation until its close in December, is difficult to explain, but is partly due to the delay in forwarding last season's crop on account of the influenza epidemic. The figures are given below:

	1918		1917	
Wheat	63,295,048	bushels	159,899,313	bushels
Oats.....	10,290,510	"	36,888,973	"
Barley	3,174,393	"	5,176,344	"
Flax	2,036,308	"	5,693,190	"
Rye.....	106,474	"		
	<u>78,902,733</u>		<u>207,657,820</u>	

By the erection of new elevators the storage capacity at the head of the lakes has been increased to 55,000,000 bushels.

It is satisfactory to report that the construction of the Welland Ship Canal is to be resumed, the work to be carried out during 1919 on a cost plus basis owing to prevailing conditions.

As a result of the efforts of the Government, increased attention has been directed to the fisheries of Ontario, and this at a time when the re-stocking policy which has been followed for some years past is beginning to show results. The value of the catch in 1917 is estimated to be \$2,866,419, and the industry is capable of considerable expansion. When communications are established with Hudson's Bay it is estimated that 6,000 miles of shore fishing will become available.

One of the greatest natural resources possessed by the province is that of hydro-electric power, the most important developments of which have taken place at Niagara and in its vicinity through the courage and initiative of private individuals. Other important developments have been carried through in the valleys of the Severn, the Trent and the Ottawa, and at Fort William and Port Arthur. They have all proved of incalculable value to industry and the public generally, and the future development of our latent powers is full of tremendous possibilities. The possession of this cheap electric power made it possible for Ontario to take a leading part in the production of munitions, and it is not unreasonable to suggest that had this power not been available, the vitally important aid which Ontario was able to render the cause of the Allies in the manufacture of munitions would not have been possible, and the war might still have to be won. Credit is due, therefore, to the foresight and ability of those who many years ago were willing to risk their capital and credit in the establishment of these gigantic undertakings. The

distribution of power throughout Ontario is practically controlled by the provincial Hydro-Electric Power Commission, which commenced operations in 1910 by distributing less than 1,000 h.p. To-day the Commission has contracts with 225 municipalities and is selling more than 200,000 h.p., while in order to meet anticipated future needs it has now some 350,000 h.p. in course of development, including the immense new Queenston plant at Niagara. Further developments are taking place in the St. Lawrence Valley, as well as near Port Arthur, so that the total amount of hydro-electric power which the Commission will shortly have available will be in the neighborhood of 750,000 h.p. The saving in coal alone which this power will represent is estimated to be approximately 15,000,000 tons per annum. In addition a large amount of power, estimated at over 350,000 h.p., is being produced and distributed in the province by privately owned companies. Under wise direction the future development of water power by the Commission is capable of enormous expansion, and Ontario should become the home of great basic industries such as the smelting of ores, refining of metals, production of carbides and nitrates, and other electro-chemical and electro-thermal industries.

Up to the present there has been very little change in business conditions from those which prevailed during the two previous seasons, and although the year was marked by a constantly ascending scale of prices for goods of almost every character, the purchasing power of the public increased. The only difficulty experienced by traders was in obtaining goods, and as a consequence stocks are generally low. Collections have been good, and business has been quite satisfactory; some lines were considerably restricted, however, by the difficulty of procuring raw materials. This was most pronounced where these consisted of steel or iron, as there was a steady and growing tendency on the part of the Government of Canada, as

well as that of the United States, to adopt a system of priority orders, and thus to exercise some form of control over supplies so that industries regarded as essential to winning the war might be favoured. There is likely to be a fair demand for agricultural implements owing to the farmers having withheld orders during the past year or two. The furniture trade promises to improve, and it is hoped that large orders will be received for export to the devastated areas of France and Belgium. Flour mills have been operated to capacity and the business has been profitable. It is probable that many people are not aware that Ontario is the home of all the manufacturers of motors in the Dominion. The eleven establishments of this kind employ over 5,000 men and women, pay annually over \$4,800,000 in wages, and the output for 1917 was valued at \$54,466,273, represented by 89,676 cars. Owing to various restrictions and the embargo on importations of material, it is estimated that the production this year will not exceed 70,000 cars.

As a result of the signing of the armistice on 11th November and the assurance of peace, the Imperial Munitions Board and the United States Government have cancelled nearly all munition contracts in Canada, and a considerable decrease in business may be expected during the coming winter, and perhaps for a longer period, until industrial conditions have been readjusted and manufacturers are once more operating on regular lines.

The real concern for the immediate future is caused by doubt as to whether Ontario manufacturers can obtain sufficient work at profitable prices to keep their plants in continuous operation, and as to whether or not labour and capital will work in harmony. During the past three years wages have been unprecedented, and in many cases, altogether disproportionate to the services rendered. The situation calls for vigorous and careful handling, and it is to be hoped that sane

counsels will prevail, while, as one important manufacturer says, "the Government can help industries over the reconstruction period by securing orders in bulk from Governments of other countries, and by giving reassurance to manufacturers that there will be a stable tariff policy. Whatever the fiscal policy, it should be immediately announced and then not altered, but left in a permanent place, so that industries that have been developed under one set of conditions may not find their endeavour rendered useless through change in tariff legislation. There is just as much need for the continuance of a truce on the tariff question during a few years following the war as there has been during the last four years."

That the business community in Ontario is generally in a sound condition is evidenced by the small number of failures during the past year as compared with previous years. The figures are given below:

	No.	Assets	Liabilities
1914.....	705	\$5,257,679	\$5,231,308
1915.....	743	4,167,804	5,240,503
1916.....	510	3,894,118	6,404,868
1917.....	280	3,372,825	3,887,582
1918 (11 months)....	235	3,975,201	4,225,900

The financial situation, apart from the effect of high prices, exhibits no evidence of strain; the banks have been ready to grant loans for all legitimate enterprises, and the increased activity of business is indicated by the growth of the clearing house returns of the province from \$3,792,-647,957 for the year 1917, to \$3,894,369,185 for the eleven months of this year. In connection with the recent Victory Loan, Ontario again holds the proud position of leading the way with a subscription of \$329,682,950, received from 518,129 applicants, out of a total subscription of \$689,016,877 received from 1,079,588 applicants. This was nearly half the total amount subscribed, over half of the total number of subscribers, and more than the total amount,

\$300,000,000, asked by the Government. This is very direct evidence of the habit of thrift implanted in the people as a result of the war.

The past year has witnessed a moderate improvement in the demand for certain classes of real estate. This has been more noticeable in the case of the cheaper dwellings, and is due largely to the excessive rents charged for property of this character. Outside subdivisions are absolutely dead; in fact, according to reports, holders of this class of real estate have recently been surrendering it to the original owners, thereby forfeiting their payments to date. There has been little or no change in the case of farm lands. Transactions have been few, with hardly any noticeable increase in price. The housing situation in many towns and cities has become an acute problem, so much so that appeals were made to the Government for aid. In the city of Toronto the vacant houses declined from 5,336 in 1916 to 2,183 in 1917. While the 1918 figures are not yet available, the opinion is expressed by those familiar with conditions that there are practically no rentable houses in the city at the present time which can be obtained at a reasonable figure. The situation will doubtless be aggravated as the men return from overseas. While the shortage in dwellings under ordinary circumstances would tend to bring about a revival of the building trade, the high wages demanded by labour and the exceedingly high cost of building materials has deterred builders, with the result that the number of houses erected and in the course of construction is insufficient to supply the demand. A Housing Committee was appointed by the Provincial Government to study the question, and upon its recommendation the province has already offered to aid municipalities in any earnest endeavour to right existing conditions.

A period of reconstruction is now before us, and while many may be disturbed as to the outcome, owing to present

difficulties and the complex situation arising out of the process of readjustment from a war basis to that of peace, those who take a long view and possess vision have no doubts or fears as to the continued prosperity and progress of Ontario. That there is abundant evidence to support this view will be recognized, if consideration is given to the many favourable features of the situation, the accumulated wealth possessed by the people, their increased ability to produce both manufactured and raw materials, most, if not all, of which will be in demand by the markets of the world, their vast stores of natural resources awaiting development, and the large amount of constructive work which has been deferred owing to the war and which must now be undertaken. The present situation demands the organized endeavour as well as the co-operation and support of every one, if we are to pass through the critical period of reconstruction with a minimum of discomfort for all concerned.

MANITOBA, SASKATCHEWAN AND ALBERTA

At the end of 1917 we reported that the season had closed with a serious deficiency of moisture in the soil over most of the West, and that, in consequence, hopes for a satisfactory crop yield in 1918 depended upon our having more than ordinarily good fortune in the extent and spread of the spring and summer rainfall. Instead, we had singularly bad fortune in this respect, even more so than in the disappointing year 1917. Seeding took place early and under favourable conditions as to surface moisture, and up to the early part of June hopes ran high for a good crop. Thereafter, however, during the growing season, there were only a few light rainfalls with long intervals between, a condition which was greatly aggravated in the southern districts by a short but severe heat wave, which swept over southern Saskatchewan and into Alberta on 10th June—

the thermometer in places rising to 105 degrees, an altogether unprecedented figure for that season of the year. In the northern portion of the three provinces the conditions as to rainfall were more favourable—indeed, in northwestern Saskatchewan and northern Alberta the crop was one of magnificent promise up to 24th July, but on that date what has been termed a “freak frost” swept the northern districts, and catching much of the grain at the period of growth when frost would be most injurious, wrought a disaster. Frozen grain is usually good for fodder, but this year it was practically worthless.

The effect of the incentive of high grain prices on the quantity of land brought under cultivation may be gathered from the following figures of the total acreage seeded in each of the past four years:

1915.....	21,382,700
1916.....	19,553,172
1917.....	23,963,766
1918.....	28,272,753

As previously reported, a good deal of seeding was done on inadequately prepared land, and a considerable acreage, which would have been summer-fallowed under ordinary conditions, was put in crop in the hope of benefiting largely from war prices. The odds offered by the fixed price of wheat were so heavy that the farmer was merely human in electing to take all the risks of the gamble, since if the gamble had turned in his favour, he would have made as much money in one year as he could ordinarily hope to make in several; and while the fact is that in most districts fate went against him, it is futile to criticize his action or his judgment. In similar circumstances it is safe to say that about nine out of ten business men would have elected to do the same.

While the average yield per acre has been very low, on account of the greatly increased acreage in crop the total

THE CANADIAN BANK OF COMMERCE

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returns reached substantial figures, as shown by the following table:

	Wheat bus.	Oats bus.	Barley bus.	Flax bus.
1913.....	181,900,000	224,270,000	51,161,000	14,093,000
1914.....	140,031,000	162,460,000	35,763,000	4,000,000
1915.....	376,448,000	339,000,000	59,692,000	4,250,000
1916.....	214,289,000	282,987,000	43,240,000	6,430,000
1917.....	189,655,000	217,377,000	48,265,000	4,209,000
1918 (estimate) ..	165,241,000	229,313,000	47,299,000	5,463,000

Weather conditions were again highly favourable for threshing, so that the whole crop has been gathered with very little loss; the average grade, however, is lower than last year. Of the deliveries of wheat up to the end of November, 1917, 53 per cent. graded No. 1 Northern, and only 12 per cent. lower than No. 3, while this year only 45 per cent. graded No. 1, and 23 per cent. was lower than No. 3.

We regret to have again to report that, just as in the previous season, most of the land has entered the winter of 1918-19 with very little stored moisture, so that once more our hopes for a satisfactory crop must rest on a rainfall, satisfactory both as to quantity and spread, in May, June and July next. The situation in this respect is even more marked than in the previous year.

Men, well informed regarding the development of agriculture in the prairie provinces, cling to the belief that no crop misfortune has ever been suffered here which has not carried with it a lesson for the farming community, which rendered the experience worth the price paid for it. If this has been true in the past, it appears as if it would be equally true this year. The farmers in the southern areas of Saskatchewan and Alberta have at last fairly thoroughly learned the lesson that, in districts of such limited rainfall, a large proportion of land well summer-fallowed is absolutely necessary to ensure fair crop yields year in and year out. Never before have the reports received from our managers been so nearly unanimous in the opinion that

the farming methods being followed in the West are steadily improving.

Conditions are so unusual this year that it is difficult to forecast the acreage which will be seeded in 1919. There are deficiencies in the amount of fall plowing and summer-fallow plowing in Alberta and Saskatchewan, but as against this, from a large acreage seeded last year no crop was taken and most of this land will be seeded again. In a large part of Manitoba the full quota of fall plowing has been done. Allowing, therefore, for the new breaking done last season, it now looks as though the acreage under crop in 1919 will fall not far short of the record figures of 1918. Having due regard to the pressure which was placed upon the farmers to break more land and to increase production to the maximum, is there not some ground for the contention that the Government of the Dominion is under obligation to our farmers to obviate the possibility of their having to accept an unprofitable price for next year's crop—an obligation which will be greatly accentuated by the advantageous position in which the farmers of the United States have been placed? A minimum price as high as that fixed by the United States will hardly be sought, but the establishment of a somewhat lower figure would not appear to be too much for the western farmers to ask having regard to all the circumstances of the case.

In the live stock industry conditions on the ranges and regarding forage crops have been the worst experienced in many years. The almost complete absence of feed in the southern districts compelled many farmers to sell off their live stock, and even in some of the northern districts individual farmers were compelled to reduce their holdings. The whole situation created great alarm and fears were entertained that much of the ground which had been gained in the last few years would be lost at one blow. The situation was saved by prompt action on the part of the Dominion Government and the railways, under which hay

and fodder were transported from north to south free of charge, and stock was carried to the northern ranges to be returned next year, free of freight charges both ways.

The growing strength of the western farmer's belief in live stock is evidenced by the fact that, in the face of such discouraging conditions as to the supply of feed, according to the estimates of the provincial Departments of Agriculture the aggregate holdings of cattle and sheep both show increases, hogs alone showing a decline. The comparative figures of estimated holdings are:

	1918	1917	1912
Cattle.....	3,576,600	3,415,487	2,194,563
Horses.....	2,184,300	2,025,996	1,443,186
Hogs.....	1,444,920	1,679,772	1,078,435
Sheep	663,870	551,634	305,283

Probably the most noteworthy feature of the live stock industry in the past year or two is the steadily broadening interest which farmers are taking in sheep. This is not yet reflected by any remarkable increase in the total holdings of sheep, though we should expect to see a very pronounced upward move in the course of another year or two. It is best indicated by the fact that from every one of the twelve crop divisions into which the western provinces are subdivided comes the report of an increase in the number of farmers raising sheep, coupled with expressions of somewhat astonished satisfaction at the results of their initial experience from farmers newly interested.

The figures of the receipts of live stock at the Winnipeg stock yards for the twelve months ended 31st October last with those of the two preceding years are given below:

	1918	1917	1916
Cattle.....	307,239	253,436	148,541
Hogs.....	359,702	333,151	328,819
Horses.....	8,331	13,602	10,685
Sheep.....	33,458	23,173	19,405

A year ago we were able to report that the great bulk of stocker and feeder cattle coming to the Winnipeg stock

yards had found purchasers among farmers in eastern and western Canada. This season, however, while the number of feeders shipped back to the western provinces and those shipped to eastern Canada show the very substantial increase of 30 per cent. over the figures of the previous year, shipments to the south have also increased over 60 per cent., reaching the regrettably large total of 34,558 animals—a reflection, of course, of the enforced marketings of stock by farmers who were short of feed. The comparative figures are:

	1918	1917	1916
Shipments west.....	46,194	37,824	21,606
Shipments east.....	18,501	12,559	678
	<hr/>	<hr/>	<hr/>
Shipments south....	64,695	50,383	22,284
	34,558	19,616	24,149

The heavy shipments to the United States led to a rather severe arraignment of the governments concerned for not taking more adequate measures to check the movement, but it is doubtful whether much could have been accomplished in this direction. Shipments to the United States are bound to fluctuate from year to year according to feed conditions, and the shipments in 1918 afford no ground for concern. The great increase in purchases for shipment to points in Canada, in the face of the serious shortage of fodder crops, would appear to indicate clearly a remarkable development of the industry of finishing cattle for market. It is very generally reported this year that farmers are getting rid of scrub stock and replacing it with stock bred from good sires.

The restrictions placed on importations of anthracite coal from the United States find reflection in a very great increase in the output of the bituminous and lignite mines of Alberta. The total output during the past five years has been as follows:

1914.....	3,821,739 tons
1915.....	3,434,891 "
1916.....	4,648,604 "
1917.....	4,750,000 "
1918 (Estimated).....	6,000,000 "

At the average prices prevailing at the mine the output of 1918 represents a value of over \$25,000,000. As every household has now gained experience in the use of soft coal, a permanent broadening of the market for Alberta coal seems assured. The greatly increased cost of producing fuel imposes a very heavy burden on the dwellers in a country of severe winters, and the people of Saskatchewan and Manitoba now appear to base their hopes for relief on the success of the important project for the erection of a lignite briquetting plant now under way in southern Saskatchewan. The Dominion Government has made a grant of \$400,000 to this project, and it is hoped that briquettes may be produced at a cost of \$7 per ton to the consumer. It is not expected, however, that the plant will be in operation until 1920.

The spruce lumber industry commenced the year with a promising outlook, there being for a time a strong demand for the product from the United States at high prices. The shortage of cars, however, prevented lumbermen from taking full advantage of this outlet, and as the local market fell off towards the end of the season, the mills were left with large stocks on hand. Lumbermen are apprehensive as to the course of prices for next season, and as labour is still scarce and wages high, only small cuts of logs are planned for this winter. The figures of the cut last winter are not yet obtainable, but they were probably somewhat larger than those of the previous season. The output in the preceding five years was:

1912-3.....	231,223,000 ft.....	\$3,463,843
1913-4.....	146,751,000 ft.....	2,093,578
1914-5.....	123,196,000 ft.....	1,674,270
1915-6.....	160,336,000 ft.....	2,304,226
1916-7.....	216,446,000 ft.....	3,679,018

The entry of the United States into the war cut off the supply of capital for the development of the mining fields of northern Manitoba. This, and the effect of the Military

Service Act on the supply of labour, put an end for the time being to nearly all development work. The Mandy mine, however, which is past the development stage, produced 8,600 tons of copper ore, valued at about \$1,000,000. We have no reason to alter the views expressed last year as to the promising outlook for the mineral development of northern Manitoba. With railroad communication, which will doubtless soon be provided, the mining industry of Manitoba is certain to become very important.

Immigration from the United States has shown a marked falling off from that of the previous year, doubtless owing to the entry of the United States into the war. We are not able this year to separate the figures, so as to show to what extent this immigration consisted of farmers and farm labourers, but the total for the ten months ended 31st October, compared with the same period for the previous year, is:

	1918	1917
Number of immigrants.....	19,313	31,834
Cash brought in.....	\$3,139,505	\$4,934,195
Value of effects.....	\$1,760,738	\$1,488,898

Earlier in the year it was announced that a conference was being arranged between representatives of the Farmers' Associations and representatives of the Manufacturers' Association for the purpose of arriving at a working agreement on the tariff question, and many of those who know the calibre and spirit of the farmers' leaders indulged the hope that progress would be made towards outlining a basis for such an agreement. The negotiations for this conference were, however, postponed, but will, we hope, be resumed later. The men at the head of the western farmers' associations are for the most part able and fair-minded, and if a body of moderate business men from the eastern provinces were to sit down in conference with them, it is safe to say that the farmers' leaders would not be found lacking in a proper

sense of responsibility as regards what is really needed for the furtherance of our national welfare.

BRITISH COLUMBIA

Taken as a whole, business conditions in this province have been remarkably good during the past twelve months; trade liabilities, taxes and interest on mortgages have been well met, and the turnover of stocks has been much heavier than it was in 1917. Even before the signing of the armistice, enquiries began to arrive from would-be British investors, and after the final declaration of peace it is expected that there will be a renewed flow of British capital to this province. More money is in circulation than in 1917, and while there has not been very much activity in vacant real estate in the cities, there has been some movement in moderate-priced houses and in farm properties. Rentals of residential property have advanced to such an extent as to cause considerable uneasiness among tenants; apartment houses are well filled, and the number of vacant stores has been reduced. On the other hand the number of offices to be rented is still in excess of the demand, and this condition is likely to continue for some time to come.

There has been no lack of employment, but on the contrary a shortage of labour has been somewhat keenly felt in many industries and some of them have been considerably hampered by strikes during the year. The spirit of optimism which characterizes this community continues unabated, and more confidence is now felt as to the future of the province than ever before. At the same time it is quite possible that a measure of depression may follow the ending of the war, and the elimination of many speculative interests in real estate will almost inevitably take place when the present moratorium ceases. It is now felt that

the energies of the business community should be directed to the cultivation of foreign trade, the possibilities of which are very great. It is expected that our export and import trade with Japan, which was considerably larger than in 1917, will increase still more in the future and that our trade with the other parts of the Orient and with Russia in Asia will also develop. Large imports of tin, copper and rice from the Straits Settlements have passed through the port of Vancouver, mainly destined for the United States. Our exports to Australasia consist chiefly of lumber, paper, salmon, herring and apples; and our imports of wool and other animal products, hardwoods and currants, a part of these imports going ultimately to the United States. There has been very little trade with the Atlantic ports of this continent, and that with Europe has been confined mainly to the filling of Government orders. Early in the year a trial shipment of prairie wheat was made by wooden steamers through the Panama Canal. Elaborate tests of the cargo were made en route and it was found that only a small portion was damaged by passing through the tropics. This seems to make it certain that before long the grain produced west of Central Saskatchewan will be shipped through the port of Vancouver, and this community will thus witness the attainment of its cherished hopes. As an evidence of existing financial conditions it may be noted that in the recent Victory Loan campaign, 80,315 persons subscribed \$36,633,927, while the allotment to British Columbia was only \$25,000,000, the province thus ranking second only to Ontario in the amount subscribed per capita.

In reporting upon agriculture, local conditions and the varying character of the climate must be borne in mind, but taking the province as a whole, results have not been unsatisfactory. The season was unusually dry and the spring late and cold, causing light crops in some districts

and total failure in a few others; the irrigated districts, however, suffered somewhat less. Hay was probably the crop most injuriously affected, with the result that prices rose to as high as \$35 per ton. The area sown to grain this year was 124,430 acres, as compared with 112,922 acres in 1917, and there was also an increase in the acreage devoted to potatoes and fodder crops; unusual attention was given to the planting of vegetables in city and suburban districts. A considerable quantity of grain has been used green for fodder, because of the scarcity of fodder and the better returns to be obtained by turning the grain into pork and beef. Cattle men have done well, herds are on the increase, and there has been a good demand for sheep at higher prices. Drought affected beef cattle at one period, but subsequent rains restored the pastures and the cattle have been left in good condition for the winter. The price of beef on the hoof has ranged during the season from 8 cents to as high as 13 cents a pound, this being 3 cents a pound higher than the previous record for this district. Hogs brought 16 to 19½ cents a pound as against 15 to 16 cents the year before. Dairying continues to make steady progress, although the high cost of feed has led to the slaughter of some animals. Creameries have been successful in the main. The holdings of live stock in the province for the years 1917 and 1918 are given below:

	1917	1918
Horses.....	55,124	44,131
Cattle.....	240,343	246,130
Sheep.....	43,858	45,291
Hogs.....	37,688	39,805
	<hr/>	<hr/>
	377,013	375,357
Poultry.....	1,368,000	1,001,806

Fruit growers have no cause for complaint; the crop was about the same in quantity as that of the previous year, but prices were higher and the total value is estimated at

\$3,364,000, or \$624,000 more than in 1917. About two-thirds of the crop, both in quantity and value, came from the Okanagan Valley. Early frosts damaged the trees in some districts, and this will necessitate some replanting. The market has been strong, cider apples selling for \$20 per ton, the price which was paid for the best quality of apples in 1914. The question of irrigation is becoming more important every year in some districts, and the problem is still unsolved. The markets for fruit are, as heretofore, mainly in the prairie provinces, but it is to be noted that shipments have been made as far east as the Maritime Provinces, and fruit from British Columbia grows steadily in favour. The difficulty of obtaining labour was partly overcome by the employment of large numbers of women who proved satisfactory in every respect. Canneries have been most actively employed, many of them handling vegetables quite extensively, a branch of the business which appears to promise steady growth.

The Land Act was amended during the past year in several particulars, of which the most important is the provision that only surveyed land can now be pre-empted, thus keeping settlers close to means of communication by water, rail or road. A grazing commissioner has been appointed to see that Crown range lands and those under lease are properly administered.

An extension of the Pacific Great Eastern Railway is in progress from Clinton to a point about 110 miles north in the Cariboo country. This will provide transportation for a district which contains some of the finest cattle-ranching country in the world, as well as mines and timber. Some further work is also in progress on the Canadian Northern Pacific Railway in Vancouver Island. In the whole of British Columbia there are 4,152 miles of railway in operation, including electric lines.

The mines of British Columbia produce greater quantities of copper than of any other metal, the yearly output being as follows:

	1918	1917
61,500,000 lb...	\$15,067,500	59,007,565 lb.. \$16,038,256

The figures for 1918 are only an estimate, and about 52,000,000 lbs. of the total has been produced by two companies. Operations have been profitable, and labour troubles not serious and of comparatively short duration. The production of gold for 1918 is estimated at \$2,574,000, as compared with \$2,863,000 in 1917; the estimate is, however, probably under the mark, as no returns are yet procurable except as to the gold associated with copper. With respect to silver the figures of 1918 are not yet available. There has been a steady market for lead, but shipments of lead and zinc, although exact figures are not procurable, will probably fall below those of 1917.

It is estimated that 2,588,240 tons of coal have been mined, as compared with 2,398,715 tons in 1917, this including the amount used for coke, which was 295,000 tons in 1918 and 248,740 tons in 1917. Strikes interfered very materially with production in the Crow's Nest district, or the total would unquestionably have been much larger. The quantity produced in the province since 1836, up to and including 1918, is placed at 53,497,029 tons, and it is claimed that the areas already proved contain 23,831,000,000 tons, to which must be added other large districts, probably very rich, but as yet unproved.

Shipbuilding has been active all through the year. There have been built since the commencement of the war five steel and thirty-nine wooden vessels aggregating 136,400 tons dead-weight, and there are now under contract seven steel and fifty-nine wooden vessels with an aggregate tonnage of 199,000. Little doubt exists that the con-

struction of steel ships will continue for some time, but there is much question as to the future of wooden vessels.

After two years of great prosperity in the lumber trade, conditions have now changed. During the first seven months of 1918 both production and sales were maintained on a satisfactory level, and in spite of reduced working hours the output for the first nine months fell short of that of the same period in 1917 by only 13,000,000 feet. During the past three or four months, however, there has been a considerable reduction in the demand from Alberta and Saskatchewan. During the first half of the year the average price for the mill-run rose to about \$5 per 1,000 feet over that of 1917, the record price of \$29 per 1,000 feet being reached at one time. The whole of this increase was absorbed by the enhanced cost of production and sales. During the last few months the embargo placed upon the importation of lumber by the United States, which has since been removed, further demoralized this industry. The construction of wooden ships and of aeroplanes has required considerable quantities of special grades, in the manufacture of which a large quantity of the lower grades has been accumulated and has proved difficult to sell. During 1917 the total amount produced was 1,090,000,000 feet and in the first nine months of 1918, 872,000,000 feet were cut, as compared with 890,000,000 feet in the same period of the previous year; it is impossible to give any reliable estimate for the last three months of 1918. In the first nine months the shipments from coast mills fell below the figures of 1917 by about 11,000,000 feet and those from the mountain mills by 65,000,000 feet, or nearly 27 per cent. On 30th September the stocks on hand at the coast mills were placed at 184,000,000 feet as compared with 197,000,000 feet at the same date in 1917; as against this, the mountain mills had on hand 155,000,000 feet, or

nearly double the stock held at the same date in 1917. Many of the latter have in consequence closed for the season, but operations at the coast are being continued, though on a smaller scale. The prospects for 1919 depend very largely on the crops of the prairie provinces, on railroad construction and shipbuilding in Canada and the United States, and on the demand from Europe for the rehabilitation of the devastated areas. In connection with the last named, the available supply of tonnage will be an important factor. An increased demand for standing timber is confidently expected. The price of logs ruled firm during the first half of 1918, but weakened later on owing to serious over-production, accompanied by a limited demand for the lower grades. The market for shingles was active and strong until the United States prohibited their importation, when many mills ceased to operate. The pulp and paper mills have had a satisfactory year, producing 106,000 tons of paper during the first ten months, or about one-third more than during the whole of 1917. This was valued at \$6,200,000, and was sold mainly in the United States and Australia. Pulp to the value of over \$2,000,000 was produced for export, chiefly to Japan.

The salmon pack is estimated at 1,355,000 cases, as compared with 1,567,000 cases in 1917. The catch on the Fraser River proved to be a failure, and it is now generally recognized that drastic action is imperative if the supply from that river is to be maintained; indeed, there is some fear of a serious depletion of the northern waters also. The cost of the pack was even higher than the year before, and much disorganization in shipment and in realization has occurred because of the Government having practically taken charge of the output. Any part of the pack not taken by the Government is expected to be easily sold in Canada or the United States, and while the profits for the year

may not be abnormal, they will probably be reasonably satisfactory. Opening prices ranged between \$6.75 and \$16 per case, or about the same as those of 1917, except for chums, the cheapest class of fish, for which lower figures have prevailed; and a strong demand is fully expected next year. The catch of other fish, which are procured chiefly in the Prince Rupert district and on the west coast of Vancouver Island, is given below:

	1918 (Ten months)	1917 (Year)
Halibut.....	15,854,000 lbs.	19,800,500 lbs.
Salmon (frozen).....	44,000,000 "	25,631,000 "
Herring.....	1,168,000 "	1,990,000 "
Cod of all kinds.....	2,123,700 "	1,580,000 "
Sundry flat fish.....	1,510,000 "	1,216,200 "
Crab.....	6,100 "	8,500 "
	<hr/> 64,661,800 lbs.	<hr/> 50,226,200 lbs.

There is still very strong evidence of the depletion of the halibut banks, but other flat fish and cod are plentiful and are steadily growing in popularity. Fishermen have received high prices and have made excellent profits. Whaling on the coast is mainly in the hands of one company, which operates under different names on the two sides of the boundary between Canada and the United States. A total of 1,095 whales has been caught as against 973 last year, and the higher prices obtained for the oil and fertilizer will, in spite of the higher cost of operating, result in satisfactory profits.

The figures of the tonnage arriving at the port of Vancouver during the twelve months ending 31st October, 1917 and 1918, are given below:

	1918		1917	
	No.	Tonnage	No.	Tonnage
Seagoing vessels	1,345	1,749,896	1,521	1,964,178
Coastwise vessels	10,023	3,570,149	9,705	3,280,607

The increase in coastwise shipping is ascribable to some extent to the deliveries of spruce for aeroplanes; the

cessation of shipments to Russia, and the removal by the Admiralty of vessels heretofore making this their home port, have caused the reduction shown in arrivals from the sea.

Customs receipts at Vancouver for the ten months ending 31st October exhibit an increase of \$1,000,000 over those of the same period in 1917, while the bank clearings covering the same period are over \$103,000,000 in excess of those for the corresponding months in 1917.

The immigration figures for the year are not yet available, but for the twelve months up to the end of March last about the same number of arrivals is recorded as in 1917, and it is believed that the population of the province shows some increase.

THE YUKON

The gold output of the Yukon during the year amounted to \$2,457,364, equal to about two-thirds of the output of the preceding year, the reduction being due partly to the late spring which shortened the season, and partly to the dry autumn which interfered with the supply of water to the ditches; furthermore, fewer dredges have been in operation, and prospectors and individual miners have drifted away from the district, preferring to operate in Alaska where larger areas can be staked and lower fees are exacted. Dredging has been hampered by the enormously increased cost of steel buckets and other accessories; food, too, as elsewhere, has cost more and other expenses have increased in proportion. Coal mining has not been profitable, but it is hoped that in 1919 this fuel will be used to a greater extent than in the past. The quantity of goods carried to Dawson over the White Pass & Yukon Railway fell to about 30 per cent. below the figures of the

previous year. The number of incoming passengers has been light, but on the other hand a larger number has been carried to the outside than in 1917, partly owing to the uncertainty of conditions in Alaska and the Yukon. In Alaska the Government has suspended assessments against mining claims until the conclusion of the war, with the result that miners, knowing that their properties will remain in good standing, have temporarily ceased operations until an improvement occurs in conditions. Some activity is expected next summer in the Forty Mile district, where dredging will probably be carried on by a wealthy syndicate. In the neighborhood of Mayo on the Stewart River several properties of high grade galena have been prospected, and some development work has been performed with a view to opening one of the properties at an early date. It is claimed that the upper Stewart gives indications of becoming a good lode-mining camp, but experience with such mines in the Yukon has not in the past been encouraging.

Fox farming, in the district surrounding White Horse, in which may be included Atlin, B.C., continues to be fairly active, but there have been few sales of the animals owing to the depression in the market. There are about a dozen of these farms, representing an investment of \$100,000. Receipts from the sale of furs of all kinds during the year have reached about \$150,000.

The production of copper has fallen from 31,000 tons of ore in 1917 to 3,057 tons in 1918, almost entirely because of the lack of vessels at Skagway. During the greater part of the year only two properties were in operation, nevertheless local confidence in the future of this industry is unabated. General business conditions have been reasonably satisfactory, with no marked deficiency in the supply of labour.

UNITED STATES

I

The gigantic task of mobilizing the country's resources for war purposes has made the year now drawing to a close one of the most notable in the financial and economic history of the United States. On the financial side it has involved the raising of money by taxation and loans for the purposes of the Government to an extent that would not have been considered possible had it not been for the precedent established by other belligerent countries. On the other hand, the urgent need of vast supplies of munitions of war and equipment has necessitated a readjustment of almost the entire industrial system of the country under Government control, and an expansion of unparalleled magnitude in certain lines of industry.

Since the country's entrance into the war the expenditure of the Government has steadily increased as its war programme developed. During the fiscal year ending June, 1918, total disbursements, including advances of \$4,738,000,000 to allied countries, amounted to slightly more than \$13,000,000,000. Of this amount approximately two-thirds was raised by loans and the remainder by tax levies. The expenditure for this period was somewhat lower than had been estimated, this being due to production in certain lines, notably in the construction of aircraft, having fallen short of the Government's programme.

In June last the Secretary of the Treasury estimated that the expenditure of the Government during the fiscal year ending 30th June, 1919, would reach \$24,000,000,000, and he recommended that in raising this amount the same ratio as in the previous year should be maintained between direct taxes and loans. Since the signing of the armistice, however, he has expressed the belief that this estimate could be safely reduced to \$18,000,000,000 as a result of the cessation

of hostilities, and he has asked that taxes aggregating at least \$6,000,000,000, to be paid in instalments in 1919, be provided for in the pending Revenue Bill. In his opinion the war and excess profits taxes should come to an end with the tax on the profits of 1918 in order to encourage American industry and business, but he has suggested that provision be made in the new Revenue Bill to raise a total revenue of not less than \$4,000,000,000 during 1920 by other forms of taxation. It seems evident from this, assuming that the ratio between taxation and loans is to be adhered to, that government expenditures are expected to continue on a very large scale for some time to come. The extent of the more immediate requirements of the Government is indicated by a circular letter, addressed to banks and trust companies by the Secretary of the Treasury under date of 27th November, announcing that the plan of making fortnightly issues of certificates of indebtedness is to be resumed immediately, and that the amount of each issue will in all probability not be less than \$500,000,000. The first issue of these certificates, dated 5th December, 1918, will be for \$600,000,000, and will mature on 6th May, 1919. From this it is to be inferred that a further issue of long term securities of not less than \$5,000,000,000 is contemplated in April next.

The methods employed in financing the enormous credit requirements of the Government during the past year have followed the same general lines as in 1917. In April the Third Liberty Loan of \$3,000,000,000 was successfully floated. This issue was of ten-year convertible bonds, bearing interest at the rate of $4\frac{1}{4}$ per cent. per annum, exempt both as to principal and interest from all taxation other than estate or inheritance taxes, income surtax and war and excess profits taxes. Subscriptions to the loan aggregating \$4,176,516,850 were received from 18,308,325 subscribers, or in the proportion of one out of every six of the entire population of the country. The Fourth Liberty Loan of

\$6,000,000,000 was brought out in October, the bonds maturing in twenty years. These bonds bear the same rate of interest as bonds of the Third Liberty Loan, but as the latter were then selling at a discount of about 4 per cent. it was considered necessary to offer subscribers some extra inducement, and this took the form of exemption from income surtax and war excess profits taxes on bonds not exceeding \$30,000 for two years after the war. The Act also provided for a similar exemption on \$45,000 of previous Liberty Loans in the case of taxpayers holding \$30,000 of the Fourth Liberty Loan. Coming so soon after the previous loan, the task of raising such an immense sum was viewed with some misgiving by financial experts, but as the result of a most vigorous and determined campaign, to which tens of thousands of efficient workers devoted their time and energies unreservedly at the expense of their own interests, the country's response was a total subscription of \$6,989,047,000. This amount exceeds by nearly \$2,000,000,000 the next largest war loan issued by any of the belligerent powers. The successful flotation of these loans demonstrated the inherent strength of the country's financial system, and furnished gratifying evidence of the determination of the people to provide funds with which to carry on the war to a successful conclusion.

Particulars of the four War Loans issued by the United States since its entry into the war are as follows:

	Rate	Amount	Date of Issue
First Liberty Loan.....	3½%	\$2 000,000,000	June, 1917
Second Liberty Loan....	4 %	3,000,000,000	Oct., 1917
Third Liberty Loan	4¼%	3,000,000,000	April, 1918
Fourth Liberty Loan ...	4¼%	6,000,000,000	Oct., 1918

	Amount Subscribed	Amount Allotted	Number of Subscribers	Per cent. of Population Subscribing
First Loan. . .	\$3,035,226,000	\$2,000,000,000	4,500,000	4.3
Second Loan. .	4,617,532,000	3,808,766,000	9,500,000	9.2
Third Loan... .	4,176,516,000	4,176,516,000	18,300,000	17.7
			(Estimated)	
Fourth Loan.. .	6,989,047,000	6,989,047,000	21,000,000	20.3

In anticipation of the issue of long term securities the Government continued the practice adopted last year of obtaining a steady flow of money by the periodical sale through the banks of certificates of indebtedness. The first issue bore interest at the rate of 4 per cent. and subsequent issues at $4\frac{1}{2}$ per cent. per annum. Every bank and trust company was requested to set aside each week 1 per cent. of its total resources for the purpose of investment in these certificates. This was subsequently increased to $2\frac{1}{2}$ per cent. each fortnight. This request met with a ready and gratifying response from the banks. Between the dates of the Second and Third Liberty Loans certificates aggregating \$3,000,190,500 were disposed of, while in anticipation of the Fourth Liberty Loan certificates aggregating \$4,594,504,000 were issued and sold. To a very large extent subscriptions were paid in these certificates, and as the banks were permitted to credit the Government on their own books with the subscriptions which they received, the loans were financed with little or no financial disturbance.

Other certificates of indebtedness, bearing interest at $4\frac{1}{2}$ per cent. and maturing at the date set for the payment of taxes, were also issued, with the idea that they would be purchased by taxpayers who could thus anticipate or spread payment of their taxes, and thereby relieve the unsettlement of the money market that would have been occasioned if the full amount of the taxes had to be paid at one time. Approximately \$1,600,000,000 of these certificates were purchased and used in payment of taxes maturing in June last, and up to the time of writing further sales aggregating \$800,000,000 have been made against taxes payable in 1919.

The admirably devised and ably administered system of thrift and war savings stamps has also been highly successful in garnering the small savings of the people for war purposes. From 1st December, 1917, to 15th November,

1918, \$877,021,622 was obtained in this way, which is the equivalent of \$8.47 per capita of population.

While the amount of money that has been raised by the Government for war purposes is highly impressive, the most significant feature is the large number of individual investors. To say that fully 20 per cent. of the people are now either holders of Liberty bonds, or purchasers of thrift and war saving stamps, would probably be no exaggeration. What the creation of this large body of investors will mean to the country in the development of a fuller sense of citizenship, and in the promotion of thrift, can hardly be overestimated. It is to be remembered, however, that this development has occurred in a period of great domestic prosperity. The activity that has prevailed in retail trade, and more particularly the large business done in articles of luxury that have been brought within the reach of the workingman through the marked increase in the wage scale, furnish regrettable evidence of extravagance on the part of many people of this class.

The financing of Government loans aggregating over \$11,000,000,000 in one year has imposed an enormous burden upon the Federal Reserve Banks and the banks of the country generally, and the fact that they have stood the test so well gives further demonstration of the soundness and efficiency of the banking system of the country. Fortunate it is for the country, and also for the Allied cause, that the Federal Reserve system was established when it was. Without it the raising of such large sums of money would not have been possible. The United States Government since our last report has continued to render large financial assistance to the Allies to enable them to pay for their purchases in this country, and the total of credits so granted since the entrance of this country into the war amounted to \$8,184,576,666 on 23rd November, 1918, apportioned as follows:

Great Britain.....	\$3,945,000,000
France.....	2,445,000,000
Italy.....	1,210,000,000
Russia.....	325,000,000
Belgium.....	198,120,000
Cuba.....	15,000,000
Serbia.....	12,000,000
Greece.....	15,790,000
Rumania.....	6,666,666
Liberia.....	5,000,000
Czecho-Slovaks.....	7,000,000

The periodical offering of British Treasury bills by Messrs. J. P. Morgan & Company was continued during the year, the rate of discount being usually 6 per cent. These bills have been well taken and it is understood that approximately the full amount authorized, viz., \$100,000,000, is now outstanding. On the other hand, the United Kingdom 2 year 5 per cent. notes for \$250,000,000, put out by the same firm, were retired at maturity, 1st September, 1918.

Not the least important service rendered by the Federal Reserve Board during the year has been in connection with the conservation of credit for essential purposes. Its attitude on this subject was set out for the guidance of the banks in the April issue of the Federal Reserve Bulletin, from which the following is an extract:—

“It is clear that if the war requirements of the Government are to be financed without undue expansion of banking credits, not only must there be some reduction of existing credits, but there will have to be applied a rigid check upon the further expansion of credit in directions not clearly essential for the prosecution of the war, and for the health and necessary comfort of the people. It is no more possible to superimpose upon the volume of pre-war credits the immense volume of additional credit required by the Government for war purposes than to superimpose upon the volume of pre-war production of goods the immense volume of additional goods required by the Government to prosecute the war.

Our problem is to convert less essential to more essential production and distribution of goods. The saving of credit and money goes hand in hand with the saving of labor and materials in the program of adjusting the business of the nation to a war basis, and our best hope of avoiding competition between the Government and its citizens for credit, money, labor, and materials, which can only result in credit and price inflation and higher costs of living, is saving."

With a view to restricting the unnecessary use of credit the Federal Reserve Board, at the request of the Secretary of the Treasury, undertook in the early part of the year the duty of passing upon proposed new issues of securities in excess of \$500,000, to determine whether or not the objects for which the money was to be raised were essential to, and compatible with, the national welfare. In order to carry out these functions a committee of the Board, known as the Capital Issues Committee, was created. No arbitrary power was possessed by this committee, but it nevertheless adequately fulfilled the purpose for which it was created until it was superseded a few months later by a Capital Issues Committee appointed under the provisions of the War Finance Corporation Act, the duties of which were extended to cover all issues of securities in excess of \$100,000. Apart from the control exercised by this committee, the high cost of money has restricted the number and amount of new security issues. Nearly all corporation financing of the kind during the year was in the form of short term notes. It is reported that at least one important industrial concern was obliged to pay 9 per cent. for money raised in this way. An easing of the situation in this respect, however, has been noticeable since the conclusion of hostilities.

The placing of banking credits under government supervision and control was also contemplated, but nothing was

done in the matter, as it was felt that there were objections to the suggested plan, and that with the need placed squarely before them, the banks of the country could in the main be depended upon to pursue a loaning policy consistent with the best interests of the nation. Through a money committee, composed of representative bankers, loans in New York for stock exchange purposes, which have ruled at a much lower level than usual since the severe break in the market in the last month of 1917, have latterly been kept within the amount of such loans in the early part of September. The same committee has also maintained a control over the interest rate on such loans, which has not been permitted to exceed 6 per cent., the reason for this being that a higher rate of interest would have affected the flotation of Government securities bearing a lower rate.

The growing strain created by the immense borrowings of the Government for war purposes has caused more general and serious consideration to be given to the question of increasing the country's available credit resources, and the organized campaign inaugurated last year to promote the use of trade acceptances, in place of the wasteful and unscientific book account system, has been vigorously prosecuted. As with every new movement, difficulty has been encountered in convincing the commercial interests of the country of the superiority of the acceptance method from both the individual and national standpoints, and of its adaptability to their needs. Nevertheless, the movement has made satisfactory progress and the use of the acceptance is becoming much more general. It has been estimated that about \$4,000,000,000 of capital in this country is represented by book accounts, and by converting them into the form of acceptances, a sound basis for credit would be constituted. The movement, therefore, is one of considerable significance, and its importance is being more generally and fully recognized, as is evident from the fact that the convention of the American Trade Acceptance Council at

Chicago in June last was attended by over eight hundred business men and bankers from all parts of the country.

One of the most frequently discussed financial measures of the Government in 1918 was the creation of the War Finance Corporation, the purpose of which, as described in the Act of incorporation, is for "affording financial assistance either directly or indirectly, to persons, firms, corporations and associations whose operations are necessary or contributory to the prosecution of the war, in cases where such persons, firms, corporations or associations shall be unable to procure funds on reasonable or practicable terms from the general public or through the regular banking channels." The authorized capital is \$500,000,000, all of which is to be provided by the Government as required, in addition to which the Corporation is empowered to issue bonds which are a first charge on its assets to the extent of six times the paid-in capital. The most significant feature of the Act of incorporation is that the Federal Reserve Banks are authorized under certain conditions to discount the obligations of member banks secured by the bonds of the Corporation. It is provided that these obligations may be used for any purpose for which obligations secured by bonds of the United States are available, including their use as a basis for the issuance of Federal Reserve Notes. This caused considerable opposition to the bill on the ground that it would encourage the pyramiding of credit and thereby increase inflation. However, in the first six months of its existence, ending 30th November, the total amount loaned by the Corporation was only \$71,385,000, of which loans aggregating \$37,172,000 have been repaid, and now that the war is ended it would seem that there should be no need for the Corporation to avail itself of its powers to issue bonds.

As was to be expected, the position of the Federal Reserve Banks reflects in a marked degree the enormous expansion in the volume of credit, due to the requirements

of the Government for the financing of the war and to the enlarged demand for industrial and commercial purposes. Between 30th November, 1917, and 29th November, 1918, the total of Federal Reserve notes outstanding increased from \$1,056,983,000 to \$2,568,676,000, and the total of bills and other productive assets on hand from \$1,052,377,000 to \$2,312,359,000. This expansion of credit, and the knowledge that it must inevitably continue to grow in proportion to the requirements of the Government, have caused a persistent and determined effort to be put forth to induce State banking institutions to become members of the Federal Reserve System. This effort has been attended by a satisfactory measure of success, and on 1st November 857 institutions of this class, with aggregate resources of \$6,832,732,000, were members of the System, as compared with 250, with aggregate resources of \$5,013,885,000, at the end of 1917. The result of the acquisition of these new members, and of the continued efforts of the Federal Reserve Banks to accumulate gold, is the mobilization in the Federal Reserve System of nearly \$500,000,000 of additional gold during the eleven months ending 30th November last. While this was by no means sufficient to prevent a marked decrease in the proportion of gold reserves to liabilities, the gold held against Federal Reserve notes outstanding is still 19.8 per cent. in excess of the legal requirement of 40 per cent. The subjoined statement shows the principal changes that have occurred in the combined position of the twelve Federal Reserve Banks during the year:

	29th November, 1918	29th November, 1917
Gold Reserve.....	\$2,065,213,000	\$1,621,725,000
Bills discounted and purchased and other productive assets....	2,312,359,000	1,052,377,000
Gross Deposits.....	2,404,611,000	1,968,602,000
Total Resources.....	5,194,988,000	3,104,784,000
Federal Reserve Notes in actual circulation.....	2,568,676,000	1,056,983,000
Ratio of gold reserve to deposits and Federal Reserve notes.....	50.0%	63.2%

The more important changes in the position of the national banks of the country during the year are indicated below:

	31st August, 1918	11th September, 1917
Total Resources.....	\$17,839,502,000	\$16,543,499,000
Individual Deposits.....	10,181,739,000	9,475,352,000
Loans.....	9,620,402,000	9,055,248,000
Government Securities held.....	2,116,785,000	1,158,982,000
Other Securities held.....	1,740,845,000	1,863,621,000

Notwithstanding its participation in the war, the United States has continued to reap the benefit of the opportunities afforded by the temporary elimination of its chief competitors in the field of foreign trade. Despite the drain on the man-power of the nation due to the military draft, the shortage of ocean tonnage and the various embargoes and other restrictive measures imposed by the Government, the foreign business of the country has been well maintained. We append the usual comparative statement of imports and exports for the eleven months ending 30th November in each of the last three years:

	1918	1917	1916
Imports.....	\$2,821,000,000	\$2,727,978,000	\$2,186,800,000
Exports.....	5,585,000,000	5,639,719,000	4,961,200,000
Excess of Exports.....	2,764,000,000	2,911,741,000	2,774,400,000

Owing to the measures that have been taken by the United States and other countries to conserve their gold holdings, the movement of the metal in either direction has been comparatively small. From 1st January to 10th November imports of gold amounted to \$58,654,000, and exports to \$38,144,000. The excess of gold imports over exports from 1st August, 1914, to 10th November, 1918, was \$1,070,389,000.

The relative importance to the United States of its trade with Canada is not generally appreciated, and it may not be amiss to state here that in point of imports from the United States Canada stands third of all the countries of

the world, being exceeded only by the United Kingdom and France. Further, the purchases made by Canada in this country substantially exceed in value those of the remainder of North America and all of South America combined, the respective figures for the ten months ending 31st October last being \$727,125,817 and \$603,670,691.

Probably at no time in the previous history of the United States has as much consideration and public discussion been devoted to the development of foreign commerce as during the past year. This has led to a growing and more general realization that foreign trade is essential to the economic welfare of the country, and that liberal trade regulations and adequate facilities must be provided, if the United States is to retain the position in world trade that has been thrust upon it by war conditions, a position to which it is entitled by its enormous resources and the initiative and enterprise of its people. Much has been accomplished in this direction during the year under review. By the enactment in June last of what is known as the Webb Law, combinations of manufacturers and exporters for foreign trade are legalized, and thus one of the greatest handicaps to the development of foreign business has been removed. The increased banking facilities so essential to the development of foreign business have been provided by the opening of branches of American banks in foreign countries, principally in South America, and by the establishment of new banks under the provisions of the Federal Reserve Act to engage in foreign banking. Probably the most significant development of the year in this connection, however, is the programme of the Government for the construction by the Emergency Fleet Corporation of merchant vessels having a tonnage of 16,500,000, of which upwards of 3,500,000 tons have already been launched. The work is now progressing at the rate of about 400,000 tons monthly, and when the whole programme has been

completed, the United States will stand second only to the United Kingdom in merchant shipping. It should be noted, however, that the cost of constructing ships in this country is at least double what it is in Great Britain and also that, on account of the drastic shipping laws of the United States, the expense of operating vessels of American register is so excessive as to make competition with other nations under normal conditions impossible. Consequently, for the Government to operate the ships themselves would result in serious loss. On the other hand, if as seems more probable, it is decided to turn them over to private ownership, the Government must be prepared not only to absorb the excess initial cost but also to subsidize the operators liberally.

The year has witnessed a steadily increasing use of the dollar acceptance, that important development of the Federal Reserve System in this country. Complete data are not available, but it is estimated that the total amount of acceptances of American banks and trust companies now outstanding is between \$600,000,000 and \$650,000,000, as compared with \$350,000,000 at the time of our last annual report. To these figures must be added the acceptances of private banking firms and agencies of foreign banks, which are estimated to amount to \$100,000,000, making the total of bankers' acceptances in this country \$700,000,000 to \$750,000,000. The following figures showing the amount of acceptances purchased in the open market by the Federal Reserve Banks will furnish some indication of the growth of this new feature of American banking:

1915.....	\$ 64,000,000
1916.....	386,000,000
1917.....	909,300,000
1918 (10 months).....	1,467,000,000

Hitherto the use of bankers' acceptances has been largely confined to the financing of export and import transactions,

by New York and Boston banks. This year, however, the greatly increased demand for credit has caused a much more general recourse to this means of financing the domestic movement of staple commodities, principally grain and cotton, and the acceptances of interior banks are finding their way to the New York market in increasing volume.

The fact that almost throughout the year the rate of interest on call loans against stock exchange securities has been higher than the rate for bankers' acceptances has retarded the development of the discount market for such bills, the number of banks willing to disregard immediate profit for the ultimate advantage of the country's banking system being still regrettably small. The market has, however, kept pace with the increasing volume of business and the progress made may be regarded as satisfactory. An increasing number of banks throughout the country are becoming purchasers of these bills, giving evidence of a growing appreciation of their superiority as a safe and liquid banking investment, and of the advantages that will accrue to the banking situation in the United States from the creation of a broad bill market similar to that which exists in London.

With a view to the development of such a market a few bankers in New York will now make call loans against eligible acceptances at rates based on the discount rates of the Federal Reserve Bank, and as time goes on this action will doubtless be followed by others. The Federal Reserve Bank of New York by a wise and far-sighted policy has been largely influential in fostering this important movement. Recently it took further effective action by announcing the establishment of special rates for rediscounting banking acceptances, as follows:

Maturities	up to 15 days.....	4%
"	of 16 to 60 days inclusive.....	4 $\frac{1}{4}$ %
"	of 61 to 90 days inclusive.....	4 $\frac{1}{2}$ %

Another important development of the year has been the organization of two discount companies in New York and one in Boston, whose function it will be to deal in acceptances. The operations of these companies will serve to stabilize the market by absorbing the surplus supply of bills when offerings are in excess of the demand. One of them, with a capital of \$5,000,000 and a surplus of \$1,000,000, is owned by eleven leading New York banks and banking houses; owing to its wide-spread connections it should prove a particularly effective agency in creating a more general interest in bankers' acceptances as a desirable form of investment for secondary reserve purposes. Mention should also be made of the bill brokerage houses, the business of which has developed at an astounding rate from small beginnings. One New York house reports that its turnover, which in 1915 amounted to \$26,000,000, increased in 1916 to \$125,000,000 and in 1917 to \$359,000,000, while for the first ten months of 1918 it amounted to \$561,000,000. It is interesting to note that the laws of several states have been amended during the past year to permit of Savings Banks investing in bankers' acceptances.

The interest rates for prime member bank acceptances ranged during the year from $3\frac{3}{4}$ per cent. to $4\frac{1}{8}$ per cent. for 30-day maturities and from $3\frac{3}{4}$ per cent. to $4\frac{3}{8}$ per cent. for bills having 90 days to run; prime non-member bank acceptances brought from $\frac{1}{8}$ to $\frac{3}{8}$ above these rates. The lower rates prevailed in the first two months of the year.

The matter of chief importance in the foreign exchange market during the past year was the formation on 26th January, 1918, of the Division of Foreign Exchange of the Federal Reserve Board, under authority vested in the President by the Espionage Act of 15th June, 1917, by which the foreign exchanges and gold or silver movements, as well as other transactions between this and any foreign country, were controlled with a marked degree of success.

The Division of Foreign Exchange is under the direction of a banker of wide experience, who has associated with him financial and commercial experts, and the operations of the Division have been carried on with the full co-operation of the banks and bankers of the country, over 10,000 of them being now "Licensed Dealers." The operations of the Division are so varied and intricate that more than a passing reference to its activities is not possible in this review, but it is generally conceded that its success has been beyond expectation. While the foreign exchanges were kept in hand, the machinery of the Division has been primarily a war measure.

The market for sterling remained practically unchanged at the "pegged" cable rate of 476 $\frac{1}{4}$ under British Government control, although this rate rose temporarily on several occasions. In a measure the same may be said of French francs, which for some three months have been maintained at approximately 5.47, some official guidance having been noticeable since August last. It is generally conceded that the sterling and French exchanges will remain on a war basis for some time, for while there will be a cessation of orders for munitions of war, the requirements of Great Britain and France in other directions should be an offset.

With the conclusion of peace, some relaxation of the shipping restrictions and foreign trade regulations may be expected, but it is difficult to predict the course of the neutral exchanges, and it would seem reasonable to suppose that Government control will remain operative for some time. As these exchanges are now so close to par, the present premium should gradually disappear.

Since the enactment on 23rd April last of what is known as the "Pittman Silver Bill," under which the Secretary of the Treasury was authorized to melt into bullion up to three hundred and fifty million silver dollars held in the Treasury of the United States, over eighty million have been

melted by the Philadelphia Mint. This bullion has been shipped to India under an arrangement between Great Britain and this country, whereby silver bullion is provided in payment for the large quantities of material bought in India by the United States. The Act provides for the repurchase of silver by the Director of the Mint at the fixed price of \$1 per fine ounce, for the purpose of replacing the melted silver dollars. The selling price for silver at the Mint has been set at \$1.01½ per fine ounce and, as licenses for export of silver for which a higher price has been paid will not be granted, the price of the metal has been stabilized at that figure.

The following table gives the fluctuations in the principal exchanges during the year ending 30th November, 1918, and the rate prevailing on 2nd December:

	High	Low	2nd Dec.
London.....	477.05	476.7-16	476 7-16
Paris.....	537	571⅝	545
Italy.....	635	915	635
Spain.....	30	19.80	20.05
Switzerland.....	380	506	489
Holland.....	52⅞	41½	42⅝
Denmark.....	31.85	26.80	27.10
Norway.....	32.10	27¼	27.90
Sweden.....	36.30	27.55	28.50
Russia.....	13¼	nominal up to March.	

The general trend of security values throughout the year has been steadily upwards from the low point reached in December, 1917, although since the signing of the armistice there has been some retrogression, principally in stocks that are classified as war stocks. According to "The Annalist," the average price of fifty leading stocks, equally divided between railroads and industrials, was 74.85 as compared with 62.60, and the average price of forty bonds was 81.04 as compared with 76.79, both comparisons being between the first week of December, 1918, and the corresponding period in 1917.

Trading in stocks has been less active than in 1917, the number of shares sold on the New York Stock Exchange

from 1st January to 7th December being 133,749,068 in 1918, as compared with 174,483,218 in the corresponding period in 1917. Sales of bonds, on the other hand, have been larger in volume, the par value of bonds sold between the dates mentioned being \$1,773,045,000 in 1918 as against \$963,059,450 in 1917, the increase being due to dealings in the Government war loans. Owing to the restrictions imposed by the Capital Issues Committee there has been a marked falling off in the amount of new security issues, the total for the year, up to 7th December, exclusive of Government loans, being \$699,819,700, whereas during the same period in 1917 new issues amounted to \$1,093,474,750.

The enormous demand for credit is reflected in the cost of money, and interest rates have ruled firm. Throughout the year both commercial paper and time loans against stock exchange securities ranged from $5\frac{1}{2}$ per cent. to 6 per cent., while call money ranged from 2 per cent. to 6 per cent., the latter being the prevailing rate except for a few temporary recessions of not more than 1 per cent. during the latter half of the year.

Having regard to the urgent need in Europe for food-stuffs, which must be supplied in large measure by the United States, it is gratifying to note that the production of wheat, oats and barley has been considerably in excess of the average, and that while the corn crop is short this is largely made up by its higher food value, the grain being of much better quality than the year before. Below will be found the Government's latest estimate of the principal field products for 1918, together with the actual figures of the crop of 1917 and of the average yield for the preceding five-year period:

	1918	1917	1912-1916 Average
Corn (bushels)...	2,582,814,000	3,065,236,000	2,761,252,000
Wheat (bushels)...	917,100,000	636,655,000	809,357,000
Oats (bushels)...	1,538,359,000	1,592,740,000	1,296,406,000
Barley (bushels)...	256,375,000	211,759,000	201,625,000
Tobacco (lbs.)...	1,340,019,000	1,249,608,000	1,033,357,000
Cotton (bales)...	11,700,000	11,302,000	13,327,000

The estimated production of meat compares with the figures of 1917 as follows:

	1918	1917
Beef (lbs.).....	8,500,000,000	7,384,007,000
Pork (lbs.).....	10,500,000,000	8,450,148,000

The annual report of the Secretary of Agriculture places the value of the principal farm products this year at \$12,272,412,000 as compared with \$11,658,032,000 for the record year 1917, and the value of all crops produced in 1918 and all live stock on farms on January 1st, 1918, at \$24,700,000,000 as compared with \$21,325,000,000 in 1917. The highly prosperous condition of the farmers is further evidenced by some recently published statistics of an interesting character giving the number of automobiles owned in the various states of the Union, which showed that the agricultural states stand first in the proportion of automobiles to population. The state of Nebraska heads the list with one automobile to every 7.6 people, followed closely by the states of Iowa, South Dakota, Montana, Kansas and North Dakota, while the state of New York stands thirty-third and the manufacturing states of Pennsylvania and Massachusetts are still further down in the list. With a price of \$2.26½, guaranteed by the Government, for No. 1 Northern at Chicago for the 1919 wheat crop, a much larger acreage than usual will be sown to wheat next year. As the large quantity of this grain that has been stored in Australia will now be released, it would seem possible that lower prices may prevail, and that the Government may sustain a loss, which the people generally will have to bear while the wheat grower will benefit correspondingly. The arbitrary fixing of the price of wheat at this figure until June, 1920, will serve also to hold up the prices of other commodities and wages, and thus retard the natural return to normal economic conditions.

The year under review has been one of great industrial activity, war work being the dominating influence. By

means of a system of priority allotments of raw material under the control of the War Industries Board, enterprises not essential to the prosecution of the war or to the actual needs of the people have been curtailed, and in some cases entirely stopped, in order to conserve materials and labour for the needs of the government. To a very large extent, therefore, the industries of the country have been practically under Government control. The shutting off of immigration from Europe, and the military draft, both coming at a time of great industrial expansion, have created an acute shortage of labour, and workmen have been in a position to demand practically their own terms. Wages have consequently reached unprecedented levels, and as the purchasing power of the farmer has been greater than ever before, general business has been good, although restricted to some extent by the difficulty experienced in obtaining goods. Having regard also to the high level of prices, merchants have shown a disposition to exercise caution in their purchasing, and stocks in the hands of retailers have been kept at a minimum. Bank clearings made a new high record in 1918, the total for the eleven months ending 30th November, 1918, being \$299,828,564,000, compared with \$230,698,500,000 for the corresponding period in the record year, 1917. Gross railway earnings are also much higher, but the figures are not of the usual value as an index of business conditions, as it is difficult to determine to what extent the increase is due to higher rates and to earnings of an unusual character, such as payments by the Government for the movement of troops. On account of the shortage of labour and the inability to obtain materials, building operations have been greatly restricted. The record of commercial failures makes a very satisfactory showing, the number for the first eleven months of the year being 9,299 with total liabilities of \$150,770,496, as compared with 12,800 with liabilities of \$168,397,634 in the corresponding period in 1917.

The trend of commodity prices continued upward until July of this year, since when there has been a slight but steady recession. Dun's index number, covering over 300 commodities, was 230.529 in November, 1918, compared with 220.750 in November, 1917, and Bradstreet's 18.911 as against 17.071, at the same dates.

Now that the war has been brought to a successful conclusion, the thoughts of serious men are being directed to the solution of the great and complex problems involved in the return to a peace basis. It is hardly to be expected that the process of deflation will be effected without considerable disturbance. Unlike the other principal combatants, however, the United States has emerged from the war immeasurably stronger financially and economically, and the outlook for the future would appear to give cause for optimism.

II

The states of Washington, Oregon and California have been prosperous to an even greater degree than in 1917, which in turn was more prosperous than its immediate predecessors. Labour troubles have been almost negligible, a situation largely due to excellent government organization and to the better understanding which has existed between employers and employees; there has been some shortage in the supply of labour, and wages have been the highest on record. Government regulations and the high cost of labour and materials have had a restrictive influence on building operations, and real estate values are more or less depressed; sales have been mainly of residential properties, and there has been a fair demand for smaller houses. Payments have been extremely satisfactory, and in the state of Washington are regarded as a record.

In the three states shipbuilding has been energetically carried on; between 3rd August, 1917, and 15th September, 1918, 137 vessels, having a dead-weight cargo capacity of 1,011,160 tons, were delivered, and 134, with a dead-weight cargo capacity of 610,900 tons, were launched but not delivered. The total launched from all shipyards in the United States during the same period was 620 vessels, with a cargo capacity of 3,269,441 tons. The future of this industry is somewhat difficult of prediction, but it seems to be almost certain that the construction of steel vessels must be carried on as fast as possible for some time to come. The Government has recently cancelled the contracts for wooden vessels, and there is grave uncertainty as to whether the construction of this class of vessels will be continued, the weight of opinion inclining to the contrary.

The output of salmon from the three states and from Alaska is estimated for the year at 7,814,000 cases, of which approximately 6,500,000 cases have been obtained from Alaska. The greater part of the pack has been held under Government control, 65 per cent. of that from Alaska, and all the sockeyes from the Puget Sound district having been commandeered. The price to the packers has not yet been fixed, but that part of the pack which has been released for sale to the public has brought about the same prices as in 1915, ranging from \$6.40 to \$13 per case. The delay in delivery on Government orders will probably mean that the packers will be obliged to continue to borrow from their bankers, to some extent at least, until 1919. While it is difficult to report definitely as to the result of the year's business, only reasonable profits are expected, and the prospects for next year are somewhat uncertain. Additional canneries have been started in Alaska, and although these are comparatively small, fears are entertained that a depletion of the fish supply may ensue unless the expected restrictive legislation is enacted. The herring catch

has about trebled, but that of halibut has fallen about 30 per cent. below the figures of 1917. Approximately 1,250,000 cod, valued at \$500,000, have been caught and shipped mainly to eastern markets.

In the states of Washington, Oregon and Idaho, owing to the drought, which prevailed also in the previous year, the yield of wheat has been a disappointment. On the basis of the acreage sown the crop was estimated at 75,000,000 bushels, instead of which only 49,000,000 bushels have been harvested, as compared with 45,000,000 bushels in 1917, and almost the entire crop has been taken by the Government. Prospects for 1919 are hopeful, as a larger acreage has been planted and the expectation prevails that there will not be a drought for three years running. As compared with the normal production of 14,000,000 bushels of barley, only 7,000,000 bushels have been grown. The oat crop, which usually amounts to over 30,000,000 bushels, and which was only 24,000,000 in 1917, has this year dropped to 14,000,000 bushels, the sale of which has been confined to a domestic market. In Washington the acreage planted to sugar beets was about the same this year as last, but is expected to be very largely increased next year.

The lumber manufactured in Washington in 1918 amounted to 4,500,000,000 feet, about the same quantity as in 1917, in addition to which about 2,000,000,000 feet of logs produced in this state were sawn in Oregon mills. The use of wood in building, except for ships and aeroplanes, has been affected by the government restrictions already referred to. Prices of lumber have varied considerably during the year; the various grades of fir averaged at one time about \$4 per thousand feet over the prices prevailing at the beginning of the year, but later dropped below even the earlier figures; cedar logs and lumber have also been somewhat variable in price.

The production of apples in Washington has been smaller than that of 1917. In this state the conditions of

production and marketing of cattle have never been better, the demand being greater than the supply, and while herds in some districts have been reduced owing to the cost of feed, it is expected that the demand will continue during 1919 and that existing high prices will be maintained.

The whole of the 1918 clip of wool from the state of Oregon, which has always been a large wool-producer, has been commandeered by the Government at about the same prices as in 1917, and about 70 per cent. has already been appraised and delivered. At present there is no certainty that the Government will continue the same policy in the coming year. The growing of hops in this state, which was at one time gradually extending, has decreased steadily since prohibition came into force. Only about 8,000 acres were planted to this crop in 1918, as compared with 25,000 acres prior to 1917; and only 20,000 bales, or about 70 per cent. of the crop on the vines, have been harvested, as against 163,000 bales in the palmy days of the industry. Before the armistice was declared the price was about 9 cents per pound, but owing to the demand from Europe this has now increased to 28 cents; the possibilities of adverse legislation and the high cost of production have caused great uncertainty as to the future among the growers.

In California agricultural conditions have not been quite so satisfactory as in recent years, as moisture has been lacking when it was needed and heavy rains have fallen at the wrong time. While the crop of wheat has been 33 per cent. more than that of the previous year, the crop of barley has been 70 per cent. less, and the greater part of the latter crop is still on hand. With the exception of prunes, grapes and raisins, fruit growers have had larger crops of better quality, which have commanded higher prices, although these have been partly offset by the greater cost of production. The canners have packed 17,000,000 cases of fruit and vegetables during the year, or about the same amount as in 1917, and the Government has

taken 40 per cent. of the fruit and 50 per cent. of the vegetables. As in the case of the salmon pack, there has been delay on the part of the Government in specifying the kinds and grades needed and in giving instructions as to delivery, and this has resulted in congestion of the warehouses and inflation of bank loans, with inability to deliver for civilian requirements. The crop of rice is estimated at 6,458,000 bushels, as against 5,120,000 bushels a year ago. The Hawaiian Islands, the business of which is closely connected with California, had a crop of 561,000 tons of raw sugar, as compared with 644,574 tons the year before. The conditions for this crop were favourable all through 1918, but bad weather in 1917 so delayed planting as to affect the output of 1920 adversely. The Government has increased the price to be paid for sugar to 7.28 cents per pound, as compared with 6.005 cents last year. The cost of labour on the Islands has increased enormously during the year.

GREAT BRITAIN

With the war at an end, it is fitting to refer to the important part taken by Great Britain in achieving victory—a part which is not yet fully realized throughout the world—and to the heavy price which she has paid in men who sacrificed their lives or were permanently disabled by wounds. In every direction there is evidence of the mighty effort put forth by the nation, especially in view of the unpreparedness of the country at the outbreak of hostilities. The navy, formidable before the war and since strengthened by additional men and ships, maintained control of the seas and effected a blockade which was the essential factor in bringing about the internal collapse of Germany. A magnificent army was created, in which troops drawn from the Dominions and India were incorporated. While detachments carried on operations in all

the distant theatres of war, the main forces on the western front on many occasions foiled the plans of the Germans and during the past two years bore the brunt of the fighting. The creation of the third arm—the Royal Air Force—was a great achievement; machines were invented and developed so rapidly that the enemy could not keep up with the pace that was set. No words can express sufficient praise for the skill and heroic deeds of the pilots and observers, among whom many men from Canada gained distinction. In finance, huge internal loans were raised, and though it was also necessary to pledge the credit of Great Britain abroad to the extent of over £1,000,000,000, the country would have been nearly self-supporting had it not been for the financial assistance granted to the European Allies.

Taking into consideration the necessary withdrawal of much skilled labour, the increase in the productive capacity of the country was wonderful, but this could not have been accomplished without the help of the women who responded so nobly to the call for workers. In addition to meeting the needs of its own army, navy and air force, large supplies of guns, munitions, clothing and army equipment of all kinds were furnished to the Allies. Coal in large quantities was exported to allied and to neutral countries, a considerable number of merchant ships were built, and many damaged vessels, both British and French, were repaired. In the domain of agriculture much was accomplished by increasing the tillable area and thus producing greater supplies of food.

As regards the future, the enormous national debt to be faced necessitates a strong effort being made to increase production and to save. The prosperity of the country in the past was largely due to individual effort, and a strong plea is being made for the removal at the earliest possible moment of state control of industries and shipping, which was necessary during the war. The state is pledged to a

policy of caring for the health of the nation by arranging for better housing and living conditions for the working-man, and improved relations between capital and labour are hoped for. More than £200,000,000 of gold was remitted abroad during the war in partial settlement of the adverse balance of trade; and to provide for the outstanding indebtedness of the nation, and again to reach a position where the note issue will be entirely covered by gold so that London may be re-established as the money market of the world, are tasks of great magnitude.

The many important events which have occurred recently with such startling rapidity, and the problems of absorbing interest which have to be solved in the near future, make it difficult to concentrate attention upon the details usually furnished in a review of business conditions, but for purposes of record the following particulars are given:—

The policy of continuous borrowing by the issue of National War Bonds placed "on tap"—that is to say, on sale from day to day—adopted by the Government in October, 1917, proved a success from the start and has been continued throughout 1918. By thus avoiding the issue of large loans for fixed amounts at stated periods, and the necessity of devising fresh forms of borrowing to meet the expenditure during the interim, the requirements of the Government have been provided as they arose without any disturbance of the money market. It was estimated that the amount to be raised would be in the neighbourhood of £25,000,000 a week. In the first eight months of the year contributions for National War Bonds through the banks amounted to £816,000,000, and through the Post Office to £25,563,000, while sales of War Savings Certificates realized £70,400,000, making a total of £911,963,000, or an average of approximately £26,000,000 per week.

A new campaign was opened at the beginning of October to stimulate the sales of these securities, the

object aimed at being £1,000,000,000 from Bonds and £200,000,000 from War Savings Certificates during the ensuing twelve months.

As the yearly accounts of the Government are made up at the end of March, it is impossible to submit figures showing the financial position at the present time, but in a recent article in the "Times" it was stated that from 1st August, 1914, to 16th November, 1918, the total amount spent was £8,662,000,000, of which £2,220,000,000 was provided by revenue and £6,442,000,000 from borrowings. The following rough estimate of what the probable financial position will be at 31st March, 1919, was given:

Total amount spent from 1st April, 1914, to 31st March, 1919.....	£9,976,000,000	
Total revenue.....	2,686,000,000	
Amount borrowed.....	£7,290,000,000	
<i>Deduct</i>		
Loans to the Allies and the Dominions ..	£1,800,000,000	
Recoverable expenditure*, say ..	1,500,000,000	3,300,000,000
		<hr/>
<i>Less</i>		£3,990,000,000
Probable excess of revenue over estimate for 1918-9.....	£ 60,000,000	
Probable reduction in estimated expenditure.....	200,000,000	260,000,000
		<hr/>
		£3,730,000,000
Add pre-war debt		710,000,000
		<hr/>
Dead-weight national debt at 31st March, 1919.....	£4,440,000,000	

*This is represented by vessels, supplies, etc., purchased by the Government, which will be sold.

The feature in banking this year has been a series of amalgamations between the large banks. In this way nine banks have been absorbed, reducing the number of independent banks in the United Kingdom to fifty-one, of which seven are Irish, eight are Scottish, and thirty-six are English (six of the last-mentioned being private banks). Five of these banks are outstanding in size and importance, their aggregate deposits being in excess of £1,250,000,000.

To strengthen their position some of them have already increased their capital, and no doubt similar steps will be taken by others in the near future. To justify the creation of these huge banks, it is pointed out that they are necessary to meet the demands which will be made upon the banking community for the purpose of encouraging and facilitating foreign trade. In this connection it has recently been estimated by banking authorities that new credits to the extent of £300,000,000 will have to be granted to manufacturers for the purchase of machinery and raw materials.

In considering the general banking situation, while it is not possible to submit figures showing the total resources of all the banks, the following table compiled by the "Statist" from the balance sheets of 25 banks, as at 30th June, will serve as a guide:

	1918	1917	1916
Deposits.....	£1,456,919,000	£1,152,356,000	£1,069,451,000
Cash Reserves.....	446,537,000	294,458,000	296,900,000
Investments	336,718,000	309,023,000	328,223,000
Loans.....	757,542,000	623,373,000	517,762,000

It is estimated that the total deposits of all the banks in the country now amount to not less than £1,750,000,000, and that the increase since January, 1917, has been £350,000,000. In addition, there is on deposit in the Post Office Savings Bank £230,472,000, and in the Trustee Savings Banks £59,777,000, a total of £290,249,000, showing an increase of £36,762,000 during the past twelve months.

There are one or two items in the Bank of England statement to which special attention may be directed, and a comparative statement is appended:

	1918 20th November	1917 21st November	1916 22nd November
Coin and Bullion....	£ 75,170,000	£ 55,856,000	£ 56,408,000
Circulation.....	65,222,000	42,472,000	36,919,000
Deposits.....	172,341,000	164,771,000	160,998,000
Securities.....	161,667,000	150,693,000	140,822,000
Reserve.....	28,397,000	31,833,000	37,938,000
Ratio of Reserve....	16.5%	19.32%	23½%

The increase in the note issue during the past twelve months is £22,750,000, representing not only increased circulation at home owing to the large turnover in business and the prevailing high prices, but also a demand from neutral countries which constitutes a tribute to the credit of Great Britain. In addition, the demand for £1 and 10-shilling notes issued by the Government continues to grow, the total amount of these notes now outstanding being £293,790,000, as compared with £191,352,000 in circulation a year ago. The Bank's holdings of gold are now £75,000,000, the largest amount in the history of the institution; the gold reserve against the issue of Treasury Notes is £28,500,000, and the amount held by other banks has been estimated at £40,000,000, making the total gold reserve of the country £143,500,000.

Attention has recently been called to the reduction in the output of gold within the Empire, which appears to be due to increased working costs, so that a stage has been reached where the operation of low grade mines is unprofitable. On the other hand, there has been no increase in the price at which the mines can sell their gold, as they are not in a position to ship to markets in other countries where the prevailing rates of exchange would enable them to place the proceeds in London at a satisfactory profit. A comparison of the output during the first nine months of this year with that for the corresponding period last year shows a falling off of £3,000,000. The Government is, therefore, being urged to give assistance to enable the output to be maintained, and as there is likely to be a great demand everywhere for gold, to take steps to ensure that none of the gold produced within the Empire is sold in other countries.

The Government having reached the decision not to increase the rate of interest on war loans but rather to lessen, as far as possible, the cost of borrowing, efforts were made to bring about a lower level of rates of discount and

interest. In order to avoid undue disturbance of the money market this reduction was effected gradually. The discount rate for three and six months' Treasury bills which was $4\frac{3}{4}$ per cent. at the end of 1917 is now $3\frac{1}{2}$ per cent., and the bankers' short deposit rate which had remained at 4 per cent. from July, 1916, until December, 1917, is at present 3 per cent. This rate is now applicable to all classes of deposits, with the exception of foreign moneys deposited with the Bank of England, either directly or through other banks, and long term deposits of overseas banks. On the former $4\frac{1}{2}$ per cent. is paid, and it was decided not to disturb the rates for the latter, because of the fact that the money is employed in financing overseas trade. No change, however, has been made in the Bank of England minimum discount rate, which has remained at 5 per cent. since April, 1917. As a result of these arrangements and of the control exercised in order to regulate the supply of funds, conditions in the money market remained unchanged for long periods and on the whole may be described as almost featureless.

The following table shows the course of the principal foreign exchanges during the year:

	High	Low	Gold Parity
France.....	27.25	26.04	25.22 $\frac{1}{4}$
Italy.....	45.65	30.25	25.22 $\frac{1}{4}$
Holland.....	11.32	9.01	12.109
Denmark.....	17.82	15.00	18.25
Sweden.....	17.10	13.18	18.25
Norway.....	17.50	14.45	18.25
Spain.....	23.20	16.57	25.22 $\frac{1}{4}$
Switzerland.....	24.20	18.55	25.22 $\frac{1}{4}$
United States.....	4.76 $\frac{7}{8}$	4.76 $\frac{3}{8}$	4.86 $\frac{1}{2}$

Owing to the impossibility, under war conditions, of settling international trade balances by means of gold, credits from other countries were used to a greater extent than usual during the year for the purpose of financing necessary imports, and the pressure on the

exchanges was thus relieved. These credits were granted either without security or against collateral securities of the creditor country owned by investors here and requisitioned by the Government. Apart from these transactions, the sentimental effect of the growing opinion in neutral countries after July that the outcome of the war was no longer in doubt, was very noticeable on the neutral exchanges. The movement of American troops, the purchase of supplies for their use on this side, and their personal expenditures, which amounted in the aggregate to a considerable sum, also affected some of the exchanges.

According to a list published by the "Bankers' Magazine" the market value of 387 representative stocks, having a par value of £3,424,586,000, was £2,600,653,000 on 17th December, 1917, and £2,794,542,000 on 18th October, 1918, an increase of £193,889,000. Since July last the appreciation in values has been very marked, reflecting increased public confidence. This rise in prices enabled further liquidation of pre-war stock exchange accounts to be effected, thus improving the position of the security market, which continues sound, no encouragement being offered to a wide speculative movement.

It is unlikely that governmental restrictions of new issues of securities will be relaxed to any extent in the near future, although quite recently permission has been granted to a few banks and industrial companies of national importance to issue new capital to enable them to prepare for post-war conditions. These issues in practically every instance have been quickly subscribed, an indication that considerable amounts of money are available for investment in spite of the fact that the public are absorbing a large amount of war bonds every week. A summary, prepared by the "Economist," of new issues of securities up to the end of September, apart from British Government war loans, follows:

Colonial Government and British Municipal Loans.....	£ 5,744,900
Colonial and Foreign Railways.....	1,810,000
Oil.....	1,725,000
Iron, Coal, Steel, etc.....	6,500,100
Electric Lighting, Power, etc.....	1,599,000
Manufactures.....	577,500
Miscellaneous.....	1,444,800
	<hr/>
	£19,401,300

The following figures show the course of the foreign trade of the country:

	Imports	Exports Including Re-exports
For the year ending December, 1916....	£949,152,000	£604,154,000
For the year ending December, 1917...	1,065,256,000	594,861,000
For the 10 months ending October, 1918	1,086,840,000	441,897,000

In examining these figures it should be borne in mind that prior to July, 1917, the returns did not include Government imports and exports other than foodstuffs, and also that it is impossible to determine to what extent the figures are affected by the continued increase in the prices of commodities, as the volume of trade is indicated by values and not by quantities. The increase in the imports is largely represented by foodstuffs, prices of which have steadily advanced, large supplies being still required by this country and by the Allies.

On account of the shortage of labour and the scarcity of tonnage, a falling off in exports was inevitable. The shortage of coal has also affected many industrial plants. Owing to the number of skilled miners which it was necessary to draft into the army, a serious situation arose this year and this was aggravated by strikes. The estimated output up to 14th September was 158,000,000 tons, as compared with 173,000,000 tons during the corresponding period the year before, a deficiency of 15,000,000 tons. In addition to the needs of the navy and the mercantile marine, large supplies had to be sent to France and Italy and there was a great

demand from several other countries, making it necessary to ration supplies for industrial and domestic consumption.

Much emphasis has been placed on the necessity of adequate supplies of raw materials to enable the countries which have incurred heavy liabilities in connection with the war to develop foreign trade. In this connection Great Britain would seem to be well placed, having access to large supplies within the Empire as well as to those from concessions held in other countries. In addition to the rich coal fields in this country, the recent hoisting of the British flag over Spitzbergen has drawn public attention to the large deposits of coal and iron existing there. British interests have large concessions on the island, and unless climatic conditions prove to be a barrier, it seems probable that a determined effort will be made to develop these fields.

Since efforts were started in 1916 to encourage the home production of foodstuffs, the increase in the area under cultivation in the United Kingdom, through the breaking up of grass-land, has been about 4,000,000 acres. Up to July high hopes were entertained of abundant crops this year, but in the latter part of the harvest season the weather turned very unfavourable and the yield of cereals proved below expectations. Nevertheless, the yield per acre was above the average and the total production was greater than in 1917.

The cost of living has continued to increase, notwithstanding continued efforts to control food prices and to conserve supplies by compulsory rationing. The index number of commodity prices published by the "Economist," which was 2,565 in July, 1914, had risen to 6,210 in October, 1918, an increase of 143 per cent., and a committee, appointed by the Government to enquire into the increase in the cost of living to the working classes since June, 1914, reported that the general average rise in expenditure up to

September, 1918, was nearly 80 per cent. This situation has caused a good deal of unrest amongst workers of all classes, and many strikes took place a few months ago to enforce demands for increases in pay which had to be met in full in nearly all cases.

The difficulty and cost of importing food draws attention to the position as regards tonnage. It was recently officially stated that, from the beginning of the war up to 30th September last, the losses of British merchant steamships by enemy action and marine risk was 8,946,000 gross tons, and that this had been made good by new construction, tonnage purchased abroad, and enemy tonnage captured, to the extent of 5,443,000 gross tons, leaving a net deficit of 3,503,000 gross tons. According to the published returns, the output of merchant vessels completed in the yards of the United Kingdom up to 31st October last was 1,310,741 gross tons, as compared with an output of 1,163,474 gross tons for the whole of 1917.

DIAGRAMS AND STATISTICS

**ILLUSTRATIVE OF THE TRADE AND NATURAL
RESOURCES OF CANADA**

MOSTLY REPRINTED FROM THE

MONTHLY COMMERCIAL LETTERS

ISSUED BY THE BANK

THE CANADIAN BANK OF COMMERCE

GOVERNMENT REVENUE AND EXPENDITURE

REVENUE	Month of November		8 months ending November	
	1918	1917	1918	1917
Customs.....	\$11,599,592	\$11,578,588	\$101,351,123	\$103,343,711
Excise.....	3,009,384	2,529,014	19,597,870	17,070,344
Post Office...	1,800,000	1,700,000	12,600,000	12,550,000
Public Works	5,456,991	3,036,076	27,256,170	20,602,142
Miscellaneous	7,652,725	5,479,268	33,127,665	16,475,809
	<u>\$29,518,692</u>	<u>\$24,322,946</u>	<u>\$193,932,828</u>	<u>\$170,042,006</u>
EXPENDITURE..	\$26,884,012	\$12,922,635	\$107,991,837	\$79,566,863
CAPITAL EXPENDITURE				
War.....	\$21,768,262	\$18,714,473	\$191,342,679	\$151,969,271
Public Works	1,231,878	2,082,553	10,120,421	12,681,795
Rail Subsidies	.....	338,893	.....	698,205
	<u>\$23,000,140</u>	<u>\$21,135,919</u>	<u>\$201,463,100</u>	<u>\$165,349,271</u>

	30th November, 1918	31st October, 1918	30th November, 1917
NET DEBT.....	\$1,307,429,661	\$1,287,035,509	\$958,000,701

THE BANK STATEMENT

	30th Nov., 1918	31st Oct., 1918	30th Nov., 1917
ASSETS			
Cash and Bank Balances.	\$ 549,522,586	\$ 506,295,346	\$ 464,790,170
Bank Balances Abroad...	59,659,653	53,922,146	76,241,771
Call and Short Loans....	256,710,795	230,725,994	212,010,897
Securities.....	579,284,665	581,354,240	470,128,272
Loans in Canada.....	1,133,879,677	1,061,229,550	918,561,634
Loans Abroad.....	110,010,815	112,869,399	95,954,524
Other Assets.....	94,572,944	92,442,900	82,583,557
	<u>\$2,783,641,135</u>	<u>\$2,638,839,575</u>	<u>\$2,320,270,825</u>
LIABILITIES			
Note Circulation.....	\$ 234,982,978	\$ 227,597,808	\$ 196,135,810
Deposits			
Government.....	407,257,954	140,123,468	90,470,598
Public in Canada.....	1,605,695,630	1,720,735,625	1,547,527,236
Foreign.....	221,299,711	224,201,096	175,645,013
Bank Balances			
Canadian.....	12,497,776	12,093,170	11,552,798
Foreign.....	27,270,192	32,762,554	22,949,548
Bills Payable and Acceptances.....	33,207,229	30,283,121	25,273,948
Other Liabilities.....	5,587,186	5,322,681	8,546,208
Capital and Rest.....	220,012,649	217,712,095	225,716,523
	<u>\$2,767,811,305</u>	<u>\$2,610,831,618</u>	<u>\$2,303,817,682</u>

THE CANADIAN BANK OF COMMERCE

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FOREIGN TRADE

	Month of November,		Twelve Months ending November,	
	1918	1917	1918	1917
IMPORTS for				
Consumption	\$ 73,390,048	\$ 72,708,439	\$895,238,297	\$1,011,337,588
EXPORTS				
Can. Produce	119,161,003	187,225,515	1,270,145,762	1,528,966,110
Foreign "	4,992,102	7,442,978	32,544,317	46,176,896
	<u>\$197,543,153</u>	<u>\$267,376,932</u>	<u>\$2,197,928,376</u>	<u>\$2,586,480,594</u>

EXCESS OF EXPORTS

	Month of November,		Twelve Months ending November,	
	1918	1917	1918	1917
	\$50,763,057	\$121,960,054	\$407,451,782	\$563,805,418

GRAIN IN TERMINAL AND PUBLIC ELEVATORS

	Wheat Bushels	Other Grain Bushels	Total Bushels
December 27, 1918....	33,721,385	9,707,652	43,429,037
December 28, 1917....	21,520,231	10,334,124	31,854,355
December 29, 1916....	23,974,762	22,644,362	46,619,124

CANADIAN SECURITY ISSUES

(Compiled from figures furnished by the Dominion Securities Corporation.)

	Dominion Government	Provincial Government	Municipal
1909.....	\$ 80,000,000	\$ 16,447,224	\$ 36,278,528
1910.....	45,000,000	10,000,000	35,748,690
1911.....	.....	5,675,000	47,159,288
1912.....	25,000,000	10,639,700	48,414,962
1913.....	34,066,666	18,999,884	115,761,925
1914.....	48,666,666	36,748,664	84,388,431
1915.....	169,333,333	45,480,800	66,508,073
1916.....	178,500,000	30,121,933	49,893,763
1917.....	659,882,500	15,300,000	26,104,067
1918.....	674,604,836	24,527,893	45,805,720
	Railway	Miscellaneous	Total
1909.....	\$ 41,825,000	\$ 90,607,500	\$265,158,252
1910.....	69,950,000	70,301,900	231,000,590
1911.....	100,472,700	113,506,000	266,812,988
1912.....	69,972,320	118,911,000	272,937,982
1913.....	108,528,044	96,438,776	373,795,295
1914.....	59,405,666	43,725,640	272,935,067
1915.....	37,915,665	22,655,000	341,892,871
1916.....	15,920,000	42,481,666	316,917,362
1917.....	22,566,666	32,492,800	756,346,033
1918.....	5,000,000	14,030,000	763,968,449

THE CANADIAN BANK OF COMMERCE

TOTALS OF CLEARING HOUSES IN CANADA

	1918	1917
1. Brandon.....	\$ 32,655,277	\$ 30,429,612
2. Brantford.....	48,141,421	42,061,218
3. Calgary.....	331,334,577	348,663,426
4. Edmonton.....	171,015,066	142,606,766
5. Fort William.....	38,043,344	34,224,049
6. Halifax.....	215,289,303	151,812,750
7. Hamilton.....	262,076,476	244,401,339
8. Kitchener.....	32,558,595	30,268,616
9. Lethbridge.....	41,901,114	45,021,069
10. London.....	126,958,350	112,664,207
11. Medicine Hat.....	24,088,013	29,716,162
12. Montreal.....	4,833,924,288	4,188,255,210
13. Moosejaw.....	78,425,563	65,273,161
14. New Westminster.....	23,565,162	17,435,827
15. Ottawa.....	357,598,751	291,197,714
16. Peterboro.....	37,574,621	32,917,018
17. Quebec.....	238,906,890	213,604,960
18. Regina.....	184,624,631	169,800,107
19. St. John.....	117,133,608	104,127,587
20. Saskatoon.....	91,431,885	93,730,650
21. Sherbrooke.....	42,406,084	33,949,436
22. Toronto.....	3,379,864,506	3,004,785,365
23. Vancouver.....	545,368,714	419,610,898
24. Victoria.....	101,471,852	80,044,586
25. Windsor (9 months).....	44,711,453	.....
26. Winnipeg.....	2,362,734,211	2,622,924,702
	<u>\$13,763,803,755</u>	<u>\$12,549,426,435</u>

BUILDING PERMITS

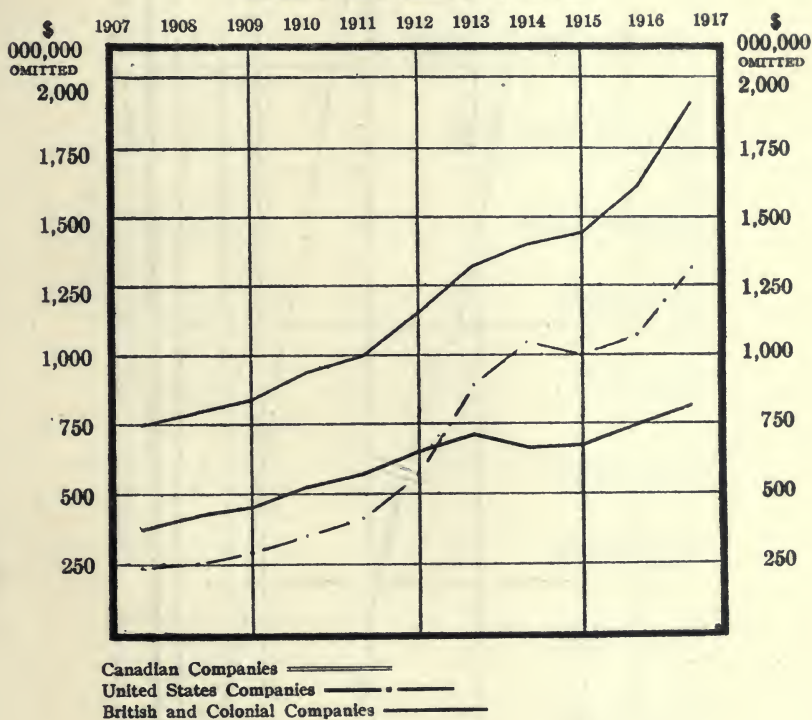
	1918	1917
Montreal.....	\$4,882,873	\$4,387,638
Toronto.....	8,535,331	7,163,000
Winnipeg.....	2,050,650	2,212,450
Vancouver.....	1,440,384	768,255
Ottawa.....	2,635,612	1,041,017
Hamilton.....	2,472,254	2,733,865
Quebec.....	904,375	2,459,386
Halifax.....	2,857,855	844,377
London.....	876,660	837,890
Calgary.....	1,125,200	548,200
St. John.....	351,323	531,250
Victoria.....	289,760	147,875
Regina.....	1,006,000	416,460
Edmonton.....	351,470	309,800

GROSS RAILWAY EARNINGS
(Twelve months ending December)

	1918	1917
Canadian Pacific.....	\$154,024,000	\$147,760,000
Canadian Northern.....	47,816,200	40,752,300
Grand Trunk.....	70,703,832	66,228,097
	<u>\$272,544,032</u>	<u>\$254,740,397</u>

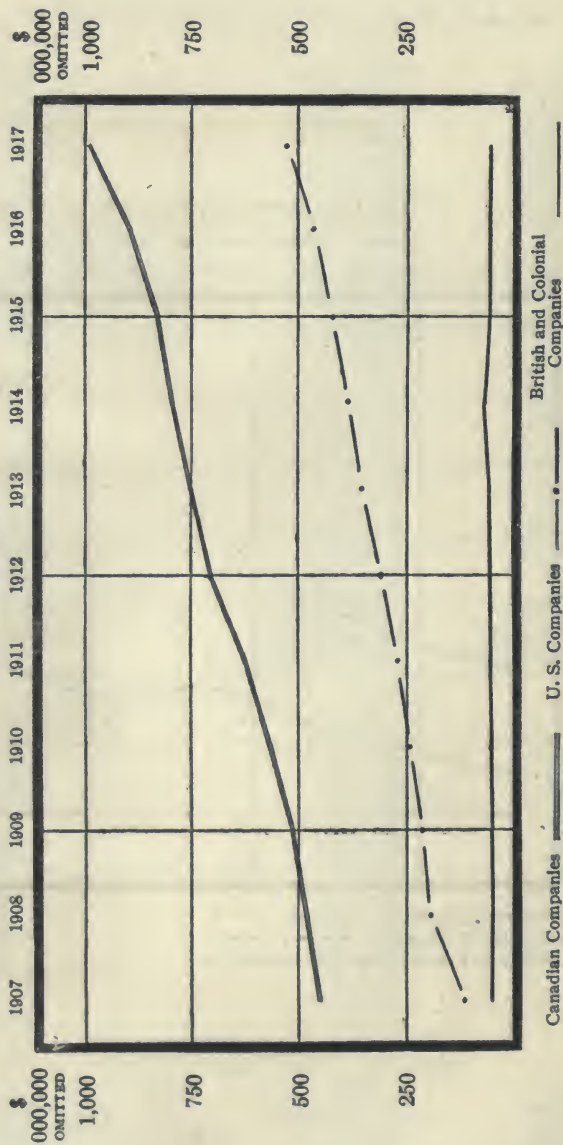
FIRE INSURANCE IN CANADA

Amount of Policies issued during the Year

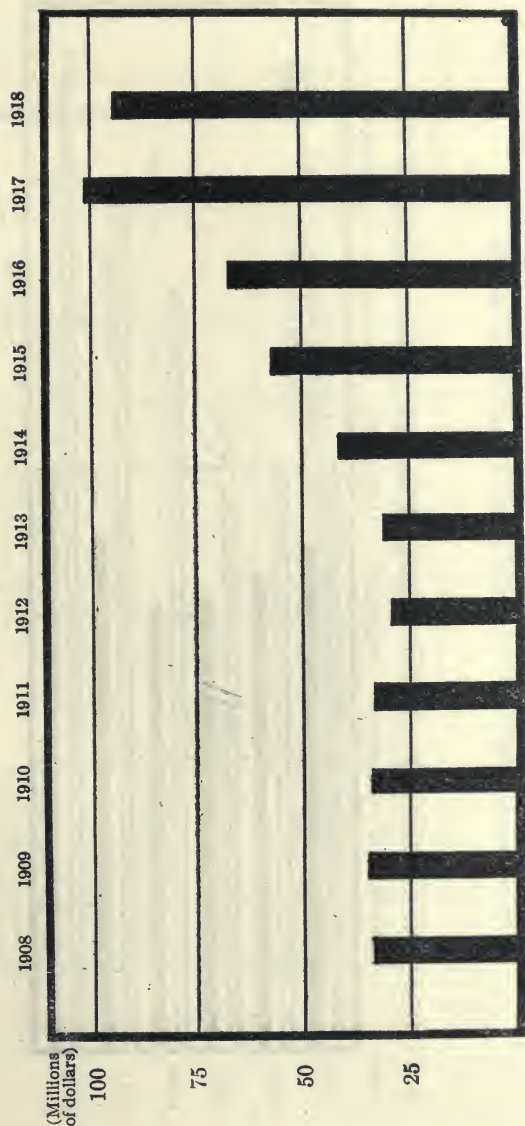


LIFE INSURANCE IN CANADA

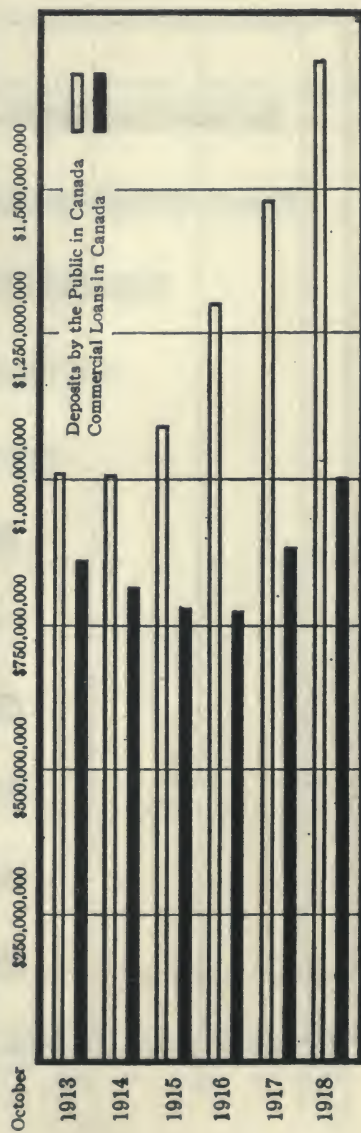
Net amounts in force



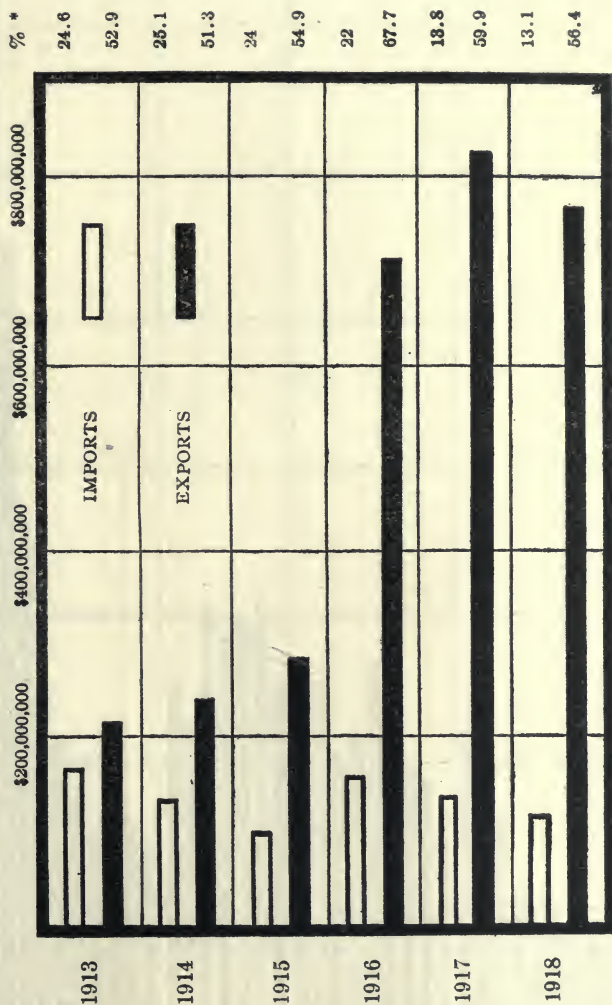
EXPORTS OF ANIMAL PRODUCTS
(Seven months ending October 31st)



A COMPARISON OF DEPOSITS BY THE PUBLIC AND COMMERCIAL LOANS IN CANADA

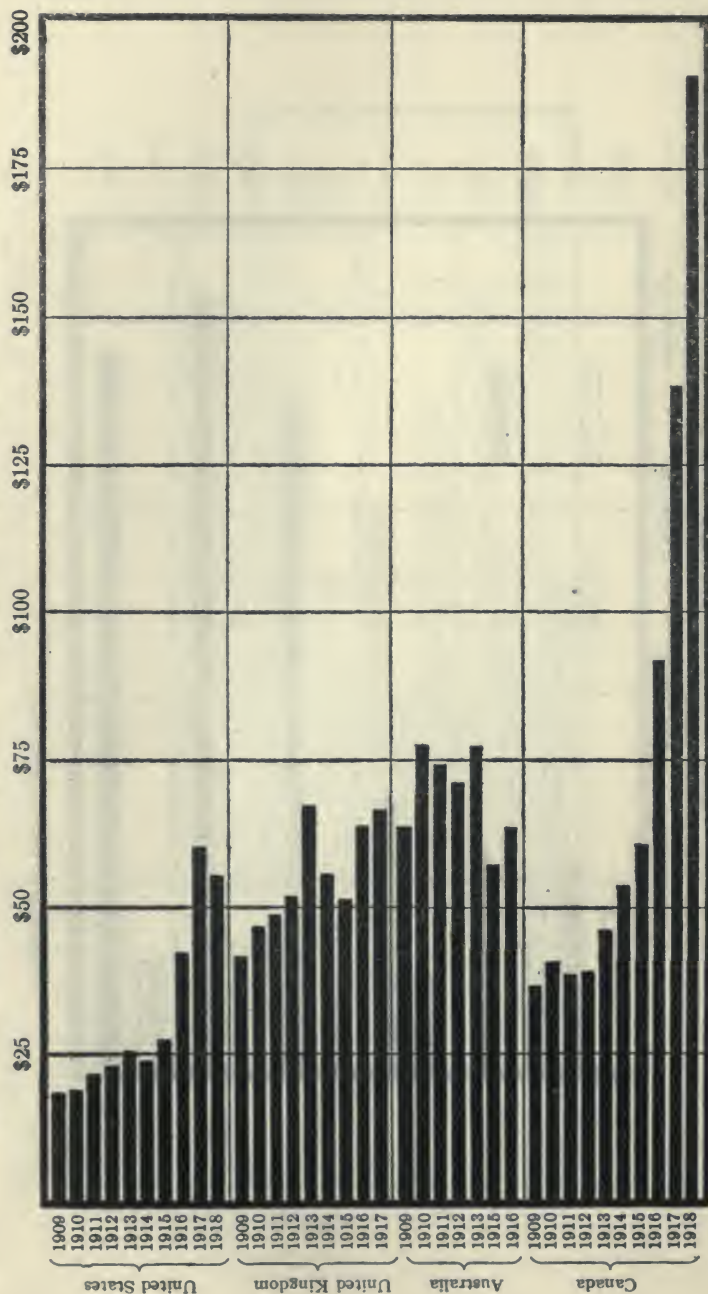


CANADIAN TRADE WITHIN THE EMPIRE (Twelve months ending September)



*Percentage to total Canadian trade.

COMPARATIVE TABLE OF EXPORTS OF DOMESTIC MERCHANDISE PER CAPITA



These figures are exclusive of coin and bullion and are for the statistical years which end as follows: United States, June; United Kingdom, December; Canada, March; Australia, December up to 1913, and after that date June—the figures for the broken period Jan.-June, 1914, are not represented in the chart.

